



## **ECRB Market Monitoring Report**

### **Gas and Electricity Retail Markets in the Energy Community**

Reporting period 2022 - Publication December 2023

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## Introduction

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Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development trends allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time. The relevance of regulatory market monitoring is not only recognized by the Energy Community *acquis communautaire* (hereinafter 'acquis') but is also since years a central activity of the Energy Community Regulatory Board (ECRB).<sup>1</sup>

The present report covers the Energy Community Contracting Parties ('Contracting Parties') **Albania, Bosnia and Herzegovina, Georgia, Kosovo\***,<sup>2</sup> **Moldova, Montenegro, North Macedonia, Serbia and Ukraine** as well as Observers **Armenia and Türkiye**<sup>3</sup>. It describes the status quo of electricity and gas markets on retail level with the aim to identify potential barriers and recommend improvements.

Data presented in this report refers to the year **2022**.

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<sup>1</sup> ECRB operates based on the Treaty establishing the Energy Community (Energy Community Treaty). As an institution of the Energy Community, the ECRB advises the Energy Community Ministerial Council and Permanent High Level Group on details of statutory, technical and regulatory rules and makes recommendations in the case of cross-border disputes between regulators. For more information about ECRB consult [www.energy-community.org](http://www.energy-community.org) – about us – institutions – regulatory board. Previous editions of the ECRB annual retail market monitoring report are available at [https://www.energy-community.org/documents/reports\\_ECRB.html](https://www.energy-community.org/documents/reports_ECRB.html).

<sup>2</sup> Throughout this document, the symbol \* refers to the following statement: This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Advisory Opinion on the Kosovo declaration of independence.

<sup>3</sup> The information on the energy markets in Türkiye is provided only for some of the chapters.

## A. Findings: Electricity

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This chapter provides a status review of the analyzed retail electricity markets as regards demand data, the supply market structure, switching behavior of end-customers as well as end-user electricity prices and their regulation.

### 1. Electricity retail market characteristics

In 2022, the **total sale of electricity to final customers** decreased by 20% compared to 2021. This decrease however is not relevant for comparison with the previous years, due to the war in Ukraine<sup>4</sup>. In the Energy Community without data for Ukraine, the total sale of electricity to final customers decreased by 2.5%. The highest decreases of electricity consumption were in Montenegro (11.9%) and North Macedonia (10.7%). Electricity consumption decreased also in Albania (5.1%), Kosovo\* (3.8%), Moldova (2.5%) and Serbia (0.7%), while electricity consumption slightly increased in Bosnia and Herzegovina (0.6%) and Georgia (0.35%). In Armenia and Türkiye, electricity consumption in 2022 increased comparing to 2021 (Armenia 3.1% from 6,213 GWh to 6,405 GWh; Türkiye 8.3% from 247,306 GWh to 267,704 GWh).

The electricity consumption of both households and non-households in the Energy Community without Ukraine decreased: consumption of households decreased by 2.2%<sup>5</sup>, and consumption of non-household customers decreased by 2.8%<sup>6</sup>. In Armenia and Türkiye, electricity consumption of households and non-household customers increased in the period 2021 - 2022<sup>7</sup>.

The figures below show the total electricity sales to final customers in the period 2013-2022,<sup>8</sup> presented with and without data for Ukraine.

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<sup>4</sup> Data for 2022 do not include whole territory of Ukraine. War conditions caused 30.4% decrease of total electricity consumption – electricity consumption of households decreased by 14.8% and of non-household by 37.4%.

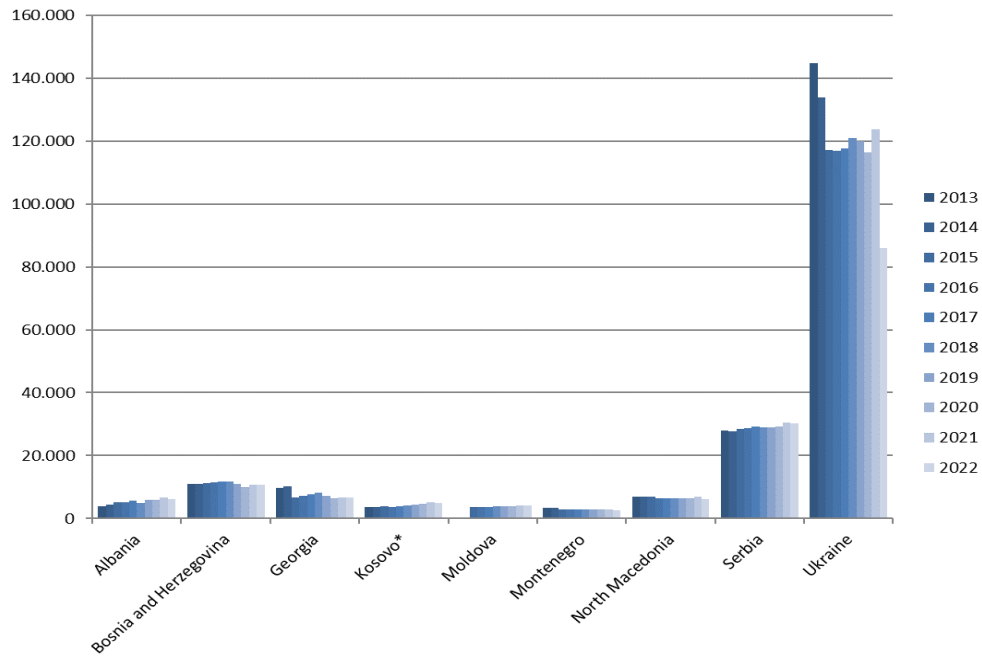
<sup>5</sup> The decrease of households' consumption in the EnC was 2.2% - whereby consumption decreased in Albania 0.3%, Kosovo\* 0.5%, Moldova 5%, North Macedonia 7.1% and Serbia 3.6% and increase in Bosnia and Herzegovina 0.4%, Georgia 0.5% and Montenegro 3%,

<sup>6</sup> The decrease of non-households' consumption in the EnC was 2.8% - whereby consumption decreased in Albania 9.2%, Georgia 1.6%, Kosovo\* 8.9%, Moldova 0.6%, Montenegro 24.1%, and North Macedonia 14% and increase in Bosnia and Herzegovina 0.9%, and Serbia 1.7%,

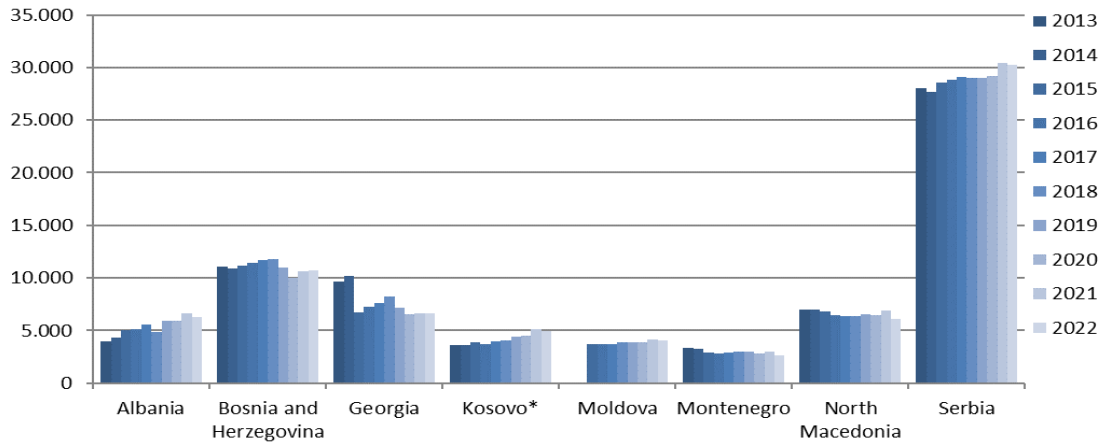
<sup>7</sup> The increase of households' consumption in Armenia was 1.6% and in Türkiye 0.9% and increase of non-households' consumption in Armenia was 3.8% and in Türkiye 10.7%.

<sup>8</sup> Only for Moldova, presented data refers to the period 2015-2022.

**Figure 1** Total electricity sale to final customers in GWh 2013 – 2022

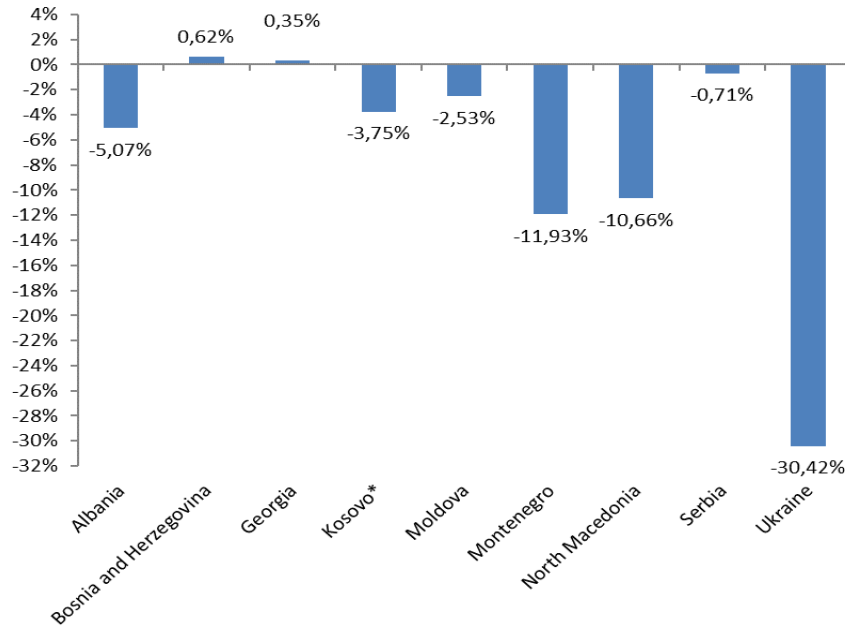


**Figure 2** Total electricity sale to final customers in GWh 2013 - 2022 (excluding Ukraine)



The following figure shows the growth rates of the total of electricity sales to final customers in the Contracting Parties from 2021 to 2022.

**Figure 3** Electricity demand growth rates 2021 to 2022

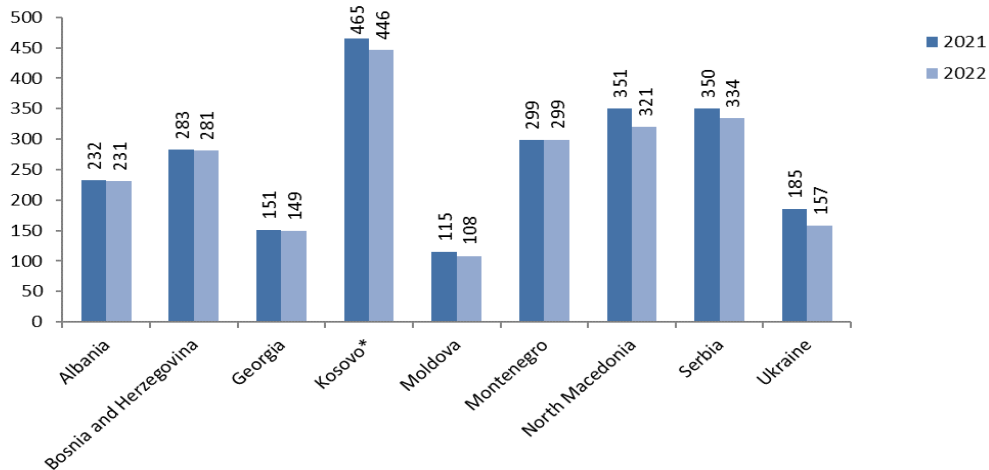


The average monthly consumption of electricity per household<sup>9</sup> varies among the Contracting Parties. Similar to the previous year, in 2022, the lowest consumption was registered in Moldova (108 kWh/month) and Georgia (149 kWh/month), the highest in Kosovo\* (446 kWh/month). In the period 2021 - 2022, in all Contracting Parties except Montenegro, consumption of electricity per household decreased.<sup>10</sup> The average monthly consumption of electricity per household in Armenia remained unchanged- 173 kWh/month in both 2021 and 2022, while in Türkiye it decreased by 3% to 127 kWh/month. The

**Figure 4** Average monthly consumption of electricity per household in 2021 and 2022 relevant quantities are displayed in the figure below. (kWh)

<sup>9</sup> In the calculation of average monthly consumption of electricity per household, the number of households is equal to the number of metering points. Number of households include all customers, regardless of the fact if they used electricity or not.

<sup>10</sup> Average monthly consumption of electricity per household in Montenegro was not changed. The highest decrease of this consumption, due to the war conditions, was 15.1% in Ukraine. In other Contracting Parties this consumption increased between 0.7% in Albania and 8.6% in North Macedonia.



In all Contracting Parties, except Georgia, as well as in Armenia and Türkiye, **licenses** have to be issued for the activity of supply of electricity to end-users. In Georgia, as of 1 July 2021, licenses are not issued for supply activities.

During 2022, in Ukraine, the total number of **licensed** suppliers in the retail market significantly increased – by 117 compared to the previous year, and in Türkiye, the total number of licensed suppliers increased by 77. The total number of licensed electricity suppliers in the retail market increased in Moldova by 22, in North Macedonia by 20, up to 10 more suppliers were registered in Albania, Bosnia and Herzegovina, Kosovo\*, Serbia and Armenia, while in Montenegro the number of licensed suppliers did not change in 2022 in comparison to 2021.

Not all licensed suppliers were active in the retail markets in 2022. Table 1 below provides information on the number of licensed and active suppliers in 2022 as well as on the change in number of active suppliers between 2021 and 2022. In all Contracting Parties, all suppliers are allowed to offer products on the whole territory<sup>11</sup>.

<sup>11</sup>Nationwide supplier means a supplier offering its products on the whole territory of a country. In Bosnia and Herzegovina and Ukraine, the universal suppliers are entitled to sell electricity only to the customers in the designated area, however when not providing universal service, these suppliers are also allowed to supply customers on the whole territory of the country.

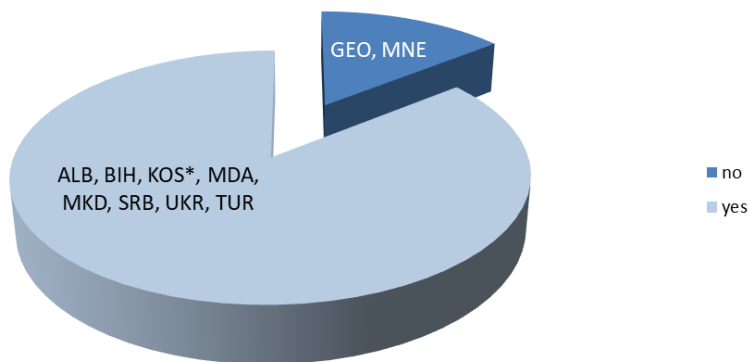


**Table 1** Number of active suppliers in retail electricity markets in 2022

	Number of licensed electricity suppliers	Total number of active electricity suppliers	Number of active nationwide suppliers	Number of net new active nationwide suppliers <sup>12</sup>
Albania	34	27	27	4
Armenia	14	4	N/A	4
Bosnia and Herzegovina	27	7	7	-4
Georgia	n.a. <sup>13</sup>	2	0	0
Kosovo*	10	2	2	1
Moldova	68	5	5	-2
Montenegro	6	1	1	0
North Macedonia	118	19	19	4
Serbia	66	4	4	-7
Türkiye	301	300	300	75
Ukraine	1,072	451	451	-85

The figures below show information on whether more than one supplier (i.e. the incumbent) was supplying customers connected to the transmission or distribution network in 2022.

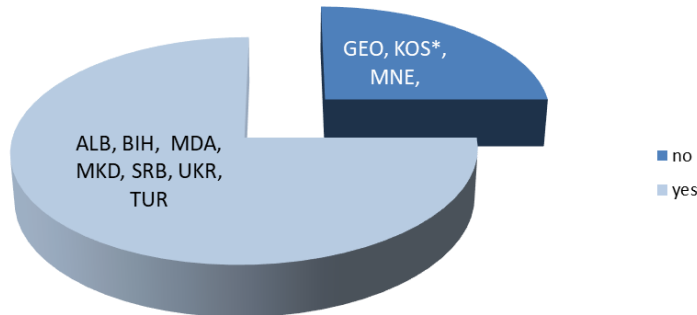
**Figure 5** Are there electricity suppliers other than incumbent supplying customers connected to the transmission network?



<sup>12</sup> Net means the number of entries minus the number of exiting suppliers in the market.

<sup>13</sup> License not required for the electricity retail supply.

**Figure 6** Are there electricity suppliers other than incumbent supplying customers connected to the distribution network?



In order to accomplish the picture of retail electricity markets from supply side, **concentration and openness of markets** have been investigated. Results are presented in the table hereinafter. The information can be explained in the following way:

- In Albania 27 suppliers were active in the retail market in 2022. There was only one supplier selling at least 5% of the total electricity consumed by final customers. Three largest retail suppliers covered 75.7% of the total electricity consumption.
- In Bosnia and Herzegovina, seven suppliers were active in the retail market in 2022. There were three retailers selling at least 5% of the total electricity consumed by final customers, with a joint market share of 97.55%.
- In Georgia, electricity retailers are regional and incumbent suppliers. Since the end of 2017, two companies supply end-users. The market share of these companies is 100%.
- In Kosovo\*, there were two active suppliers of electricity. All customers, except one industrial customer (for the period of six months) were supplied by the incumbent supplier heaving the market share of 99.3% of the total sale of electricity to the end customers.
- In Moldova, there were five retail electricity suppliers active in the retail market. Two of them were selling at least 5% of total electricity consumed by final customers in 2022, with a joint market share of 99.76% of the total sale of electricity on the retail market.
- In Montenegro, only one retail electricity supplier was active in the market. In 2022, the biggest customer “*Kombinat Aluminijuma*” purchased electricity for its own needs from the incumbent undertaking at the wholesale prices.
- In North Macedonia, there were 19 active suppliers and three of them were selling at least 5% of total electricity consumed by final customers in 2022 (market share of the

largest supplier was 62%). The market share of the three largest electricity suppliers was 84%.

- In Serbia, there were four active suppliers. The great majority of customers were supplied by the incumbent supplier having the market share of 99.84% of the total sale of electricity to end customers and only this supplier sold more than 5% of total electricity consumed by final customers in 2022.
- The largest number of electricity suppliers are operating in Ukraine – there were 451 active suppliers on the retail electricity market in 2022. Only four suppliers were selling at least 5% of total electricity consumed by final customers in 2022. The market share of the three largest suppliers was 21.06% (the market share of the largest supplier was 10.70%).
- In Türkiye, there were 300 active retail suppliers. Only four suppliers were selling at least 5% of total electricity consumed by final customers in 2022. The market share of the three largest suppliers was 19.64% (market share of the largest supplier was 6.93%).

**Table 2** Electricity retail market concentration and market opening in 2022

	Number of electricity retailers selling at least 5% of total electricity consumed by final customers	Market share of the 3 largest companies in the retail market (aggregated) in %	Estimated incumbent market share in the household market, in % of annual consumption
<b>Albania</b>	1	75.70%	100.00%
<b>Bosnia and Herzegovina</b>	3	97.55%	100.00%
<b>Georgia</b>	2	100.00%	100.00%
<b>Kosovo*</b>	1	100.00%	100.00%
<b>Moldova</b>	3	84.00%	100.00%
<b>Montenegro</b>	1	100.00%	100.00%
<b>North Macedonia</b>	3	84.00%	100.00%
<b>Serbia</b>	1	99.997%	99.99%
<b>Türkiye</b>	4	19.64%	n.a.
<b>Ukraine</b>	4	21.06%	100.00%

## 2. Switching behaviour

The switching rate is one of the commonly used indicators for measuring market competitiveness. However, its interpretation has to be done carefully by taking into consideration relevant legislative and regulatory provisions as well as the structure of the markets.

In 2022, in most of the Contracting Parties legal requirements were in place allowing customers to choose their supplier. All customers in the Contracting Parties are eligible to choose their supplier. In Türkiye 53.9% of all customers were eligible to choose their supplier in 2022.

In order to better understand switching rates in the analyzed markets, it is worth mentioning that in some Contracting Parties some of the customers (mainly according to the voltage level of connection to the network, electricity consumption and which are not households or small customers) were obliged to leave the regulated market and choose a supplier. This obligation is defined in Albania, Bosnia and Herzegovina, Kosovo\*, North Macedonia, Montenegro, Serbia and Ukraine.

The table below shows the **switching rates**, measured by using the numbers of metering points, in the analyzed markets in 2022. Data refers to the definition of switching as the free

move of a customer from one to another supplier; i.e. the change of incumbent supplier due to the obligation to leave the regulated market defined in the law is not included in the data.

**Table 3** Annual switching rates in electricity markets in 2022 (in %)<sup>14</sup>

	Number of eligible customers under national legislation/number of customers that switched supplier in 2022	Annual switching rate in the whole retail market (by number of meter points)	Annual switching rate of household customers (by number of meter points)	Annual switching rate of non-household customers (by number of meter points)	Annual switching rate in the whole retail market (by volume)	Annual switching rate of household customers (by volume)	Annual switching rate of non-household customers (by volume)
Albania				n.a.			
Armenia				n.a.			
Bosnia and Herzegovina	1,590,197/7	0.0004%	0%	0.0055%	2.34%	0%	4.33%
Georgia				n.a.			
Kosovo*	679,676/1	0.0002%	0%	0.0010%	0.96%	0%	2.60%
Moldova	1,431,077/6	0.0004%	0%	0.0059%	0.27%	0%	0.47%
Montenegro	425,493/0	0%	0%	0%	0%	0%	0%
North Macedonia	904,888/22,985	2.54%	0.028%	3.75%	13.71%	0.155%	30.65%
Serbia	3,761,153/13,772	0.37%	0.029%	2.99%	1.07%	0.015%	1.92%
Türkiye	26,173,756/767,918	1.58%	n.a.	n.a.	1.57%	0.112%	74.63%
Ukraine <sup>15</sup>	17,852,763/334,769	1.88%	0.013%	27.20%	17.14%	0.625%	27.22%

In Montenegro, there was no supplier switching in 2022. A very small number of eligible customers changed their suppliers in Bosnia and Herzegovina<sup>16</sup> and Kosovo\*<sup>17</sup>. In Moldova, customers on only six metering points changed suppliers in 2022, in North Macedonia and Serbia on several thousand metering points, in Türkiye on almost 768,000 and in Ukraine on more than 334,000 metering points, which means that the annual switching rate in the whole retail market calculated by number of metering points was 2.54% in North Macedonia, 1.88% in Ukraine, 1.58% in Türkiye and less than 1% in Moldova and Serbia. However, when the

<sup>14</sup> "n.a." stands for "not available" and means that data was not collected. Switching rates are calculated as share in % of total consumption (or number) of customers.

<sup>15</sup> The switching data for Ukraine was collected without information from 2 DSO (out of 32 DSOs) which was unable to provide relevant data due to Russian military aggression against Ukraine.

<sup>16</sup> Annual switching rate in the whole retail market calculated by number of metering points was very small (Bosnia and Herzegovina 0.0004%) but annual switching rate in the whole retail market calculated by volume of consumption was 2.34% in Bosnia and Herzegovina.

<sup>17</sup> In Kosovo\*, only one customer changed supplier in 2022, (annual switching rate in the whole retail market calculated by number of metering points was very small 0.0002%) but annual switching rate in the whole retail market calculated by volume of consumption was 0.96%..

annual switching rate in the whole retail market is calculated by volume of consumption, the relevant rates were 13.7% in North Macedonia, 1.1% in Serbia, 17.1% in Ukraine and in 1.6% Türkiye. Except for Serbia and Ukraine, only non-household customers changed their suppliers. In North Macedonia, Serbia and Ukraine, a very small number of household customers left the incumbent electricity supply at regulated prices and chose a new supplier.

The increasing **number of switching requests** is proof of market liquidity development. In North Macedonia and Serbia this number increased<sup>18</sup>, in Bosnia and Herzegovina<sup>19</sup>, Moldova, Ukraine<sup>20</sup> and Türkiye<sup>21</sup> decreased.

### 3. End-user electricity prices<sup>22</sup>

In the Energy Community Contracting Parties, final average household and industry prices increased in 2022 when compared to 2021 – by 12% for household segment and 49% for industry. For the second year in a row, the average industry price is higher than the average price for households. Having in mind that the household prices in the majority of the Contracting Parties are regulated, this difference points out to an increase in cross-subsidization between the prices for these two categories during the crisis.

From 2013 to 2022, electricity prices for households in the Contracting Parties excluding Ukraine<sup>23</sup> increased, on average, by 34%, while industrial prices increased on average by 90%. Both average household and industry prices in the EU in 2022 were more than two times higher than in the Contracting Parties.

As in previous years, variations in the electricity price were observed across the Contracting Parties. In 2022, household electricity prices were the highest in Moldova- 17.09 euro cents/kWh, and the lowest in Kosovo\*, where the households paid on average 6.24 euro cents/kWh. Moldova also registered the biggest increase in the household segment from 2021 to 2022 (97%). End consumer prices for households were still regulated in all Contracting Parties, except Montenegro, sometimes resulting in prices being set below actual costs. Nevertheless, Montenegro is the only Contracting Party with the almost unchanged electricity prices in 2022 compared to 2021, for both household and industry consumer categories.

In the industry segment of the retail electricity market, the highest year-to-year increase (205%) was observed in North Macedonia, where prices increased from 9.91 euro cents/kWh in 2021 to 30.24 euro cents/kWh in 2022. This is the highest average price for industry in the Contracting Parties. The lowest electricity prices for industrial electricity consumers were in

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<sup>18</sup> Number of requests increased in North Macedonia from 15,123 in 2021 to 22,985 in 2022 and in Serbia from 11,186 in 2021 to 13,772 in 2022 in 2022.

<sup>19</sup> Number of requests decreased in Bosnia and Herzegovina from 126 in 2021 to 7 in 2022.

<sup>20</sup> Number of requests in Ukraine decreased from 35,420 in 2021 to 33,252 in 2022.

<sup>21</sup> Number of requests decreased in Türkiye from 1,315,216 in 2021 to 767,918 in 2022.

<sup>22</sup> Information in this chapter was prepared based on EUROSTAT information, also for the purpose of ACER Market Monitoring Report 2021

([https://www.acer.europa.eu/sites/default/files/documents/Publications/MMR\\_2021\\_Energy\\_Retail\\_Consumer\\_Protection\\_Volume.pdf](https://www.acer.europa.eu/sites/default/files/documents/Publications/MMR_2021_Energy_Retail_Consumer_Protection_Volume.pdf)).

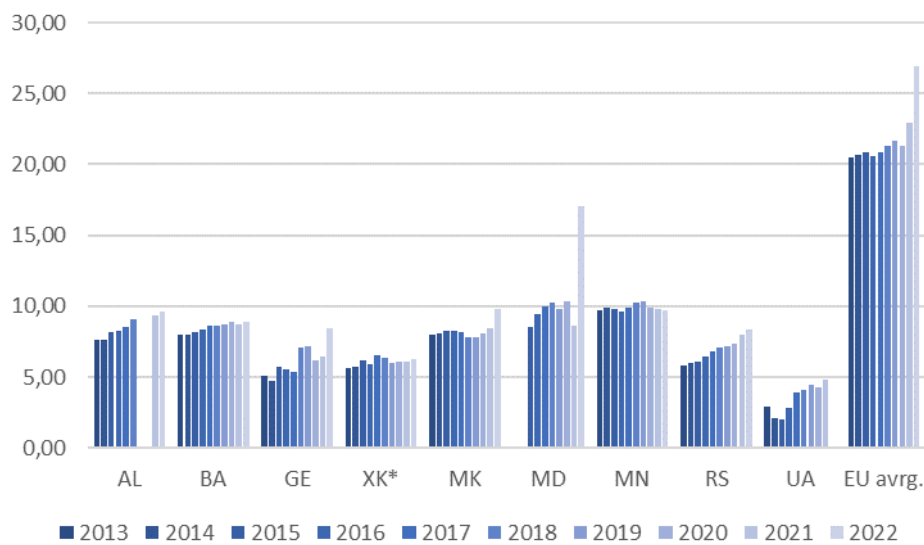
<sup>23</sup> Due to the martial law application, the Ukrainian authority for statistics did not provide information on prices to EUROSTAT.

Montenegro, with 6.97 euro cents/kWh on average<sup>24</sup>. In 2022, average electricity prices for industrial consumers in the Contracting Parties were around 58% of the average electricity prices for industry in the EU Member States.

There is no information on electricity prices for Ukraine for 2022, however available informal information indicates that there was no increase in household prices during 2022 and that the industry prices increased.

Figures 7 and 8 show the final electricity prices in nominal terms for household and industrial consumers in the Contracting Parties from 2013 to 2022 (in euro cents/kWh).

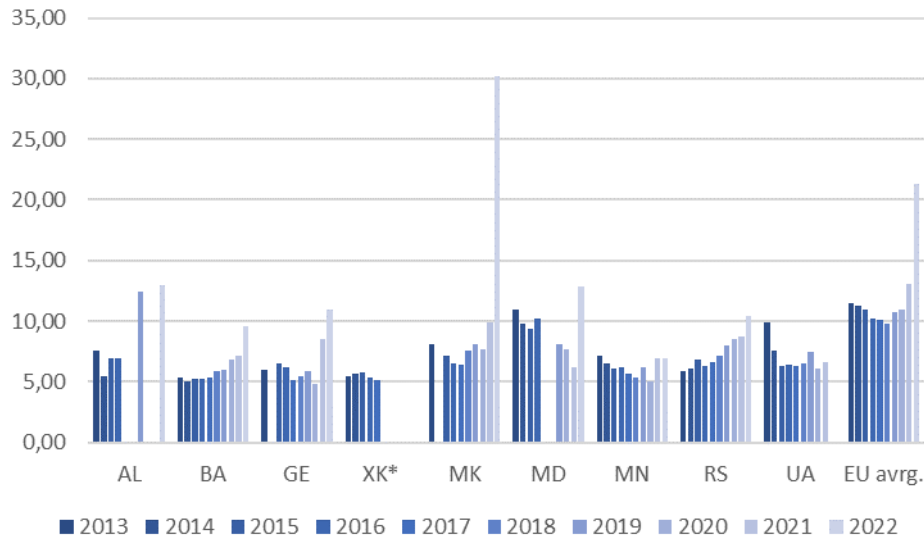
**Figure 7** Final electricity prices in nominal terms for household consumers in EnC CPs - 2013-2022 (euro cents/kWh)



Source: Energy Community Secretariat calculations based on Eurostat and NRAs. Band DC: 2,500–5,000 kWh (household electricity consumption), June 2023

<sup>24</sup> The information for average industry prices in Kosovo\* is not available on EUROSTAT.

**Figure 8** Final electricity prices in nominal terms for industrial consumers in EnC CPs - 2013-2022 (euro cents/kWh)



Source: Energy Community Secretariat calculations based on Eurostat and NRAs. Band IE: 20,000–70,000 MWh (industrial electricity consumption), June 2023

#### 4. Electricity price breakdown for households<sup>25</sup>

Figure 9 shows the breakdown of the final electricity price for households in the Contracting Parties in 2022. The composition of final household electricity price varies widely across the Contracting Parties. The share of the energy component in the final bill was the highest in Moldova (66%) and the lowest in Albania (20%). In the Contracting Parties, the share of network costs in the total household electricity price ranged between 23% in Moldova and 64% in Kosovo\*.

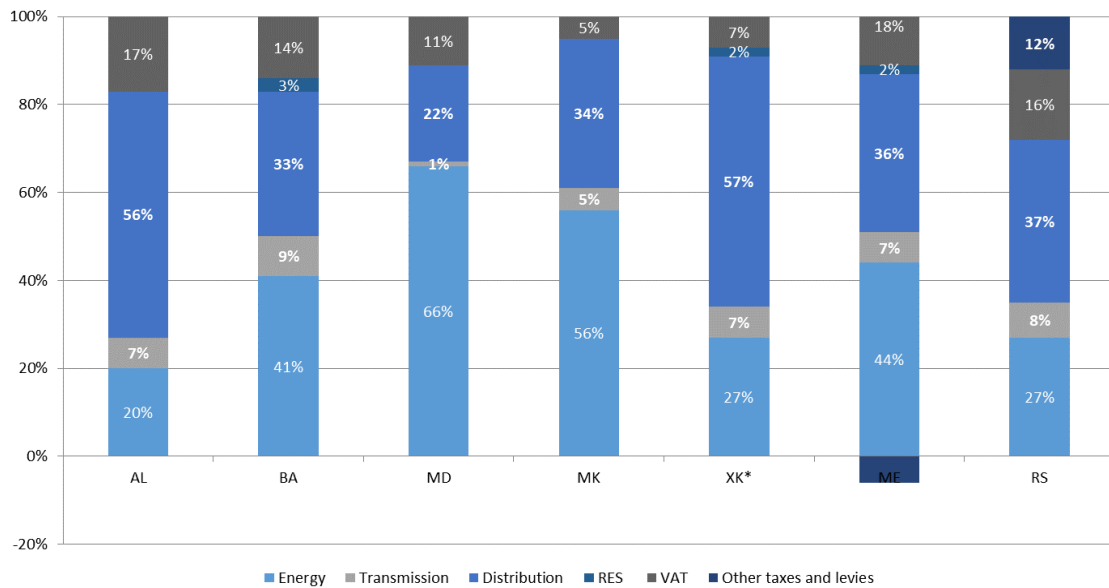
For three Contracting Parties- Bosnia and Herzegovina, Kosovo\* and Montenegro, the share of support for renewable energy ('RES charge') in the household electricity bill is presented separately. In North Macedonia, the RES charge is part of the energy component. In Serbia, the category "other taxes and levies" includes RES support, energy efficiency support and excise tax. The component "other taxes and levies" for Montenegro (-7%) refers to the discount on electricity price applied by the incumbent supplier.

Diverse VAT shares correlate to differences in taxation policies in the Contracting Parties. North Macedonia decreased the VAT share to 5% in 2021 and kept it also in 2022. In other Contracting Parties, VAT shares range between 7% and 18%.

<sup>25</sup> Information in this chapter was prepared based on EUROSTAT information, also for the purpose of ACER Market Monitoring Report 2022 ([https://www.acer.europa.eu/Reports/2023\\_MMR\\_Energy\\_Retail\\_Consumer\\_Protection.pdf](https://www.acer.europa.eu/Reports/2023_MMR_Energy_Retail_Consumer_Protection.pdf)).



**Figure 9** Breakdown of electricity prices for households in EnC CPs - 2022<sup>26</sup>



Source: EnC Secretariat calculations based on Eurostat, Band DC (June 2023)

## 5. Regulation of electricity end-user prices

Household customers were entitled to regulated end-user prices in all Contracting Parties in 2022, except in Montenegro where all categories of consumers are supplied under non-regulated prices. According to the Energy Law of Montenegro, the supplier which had the status of a public supplier until the day of entry into force of this Law, is entitled to change prices for households and small sized non-household customers<sup>27</sup> under certain restrictions. Namely, the prices for this category of customers cannot be increased beyond the weighted electricity price realized in the previous year and futures for the following year on a reference energy exchange nominated by the regulator; this means the price increase was limited to 7% in 2017 and 6% in 2018 and 2019. Also, according to the Energy Law, restrictions can be prolonged for the period of three years if the Agency estimates that conditions for liquid market are not fulfilled. Agency made a decision to prolong the restrictions for period 2020 - 2022 and it is limited to 6%. The end-user prices for households were also regulated in Armenia, while in Türkiye, the end-user prices for last resort and non-eligible households were regulated.

All household customers were supplied at regulated prices in the analyzed markets. The exceptions are Montenegro (see above), North Macedonia and Serbia, where a very small number of household customers left the electricity supply at regulated prices and were

<sup>26</sup> The information on breakdown of electricity household price in Georgia is not presented in this figure, as the relevant Eurostat data need to be checked (the share of VAT is presented as much higher than the energy price i.e. almost at the level of the final price). The information on electricity price breakdown is not available for Ukraine. In Moldova, the VAT is not applied in the electricity bills for households, however the EUROSTAT provides the share in its database.

<sup>27</sup> According to Article 196 of Energy Law, a small sized customer is a customer that purchases electricity or gas for its own consumption, has less than 50 employees, its electricity consumption in the previous calendar year does not exceed 30.000 kWh, i.e. its natural gas consumption in the previous calendar year does not exceed 100.000 m<sup>3</sup>, while its annual income does not exceed 8,000,000 EUR or its total assets (property by the income statement) do not exceed 8,000,000 EUR.

supplied under non-regulated prices in 2022<sup>28</sup> and Türkiye, were certain households (around 0.01% of total household customers) were supplied at non-regulated prices.

In Albania, there is no price regulation only for non-households connected to the 35kV network<sup>29</sup>. In Bosnia and Herzegovina, small and medium enterprises connected to the 0.4 kV network were entitled to supply under regulated end-user electricity prices;<sup>30</sup> for all other customers (about 11.5% of non-household customers who consumed 73% of the electricity consumed by all non-household customers) prices were not regulated. In Kosovo\*, all non-household customers that are connected to the DSO network have regulated prices, and customers that are connected to the TSO network (220 kV and 110 kV voltage level) are supplied under non-regulated prices<sup>31</sup>. In Moldova<sup>32</sup> all final customers had the possibility to be supplied at regulated end-user prices. However only 6 (around 0.01%) of non-household customers were supplied at non-regulated prices and they consumed almost 0.5% of the electricity consumed by all non-household customers in 2022. In Montenegro, in 2022, 41.5% of non-household customers who consumed more than 90% of the electricity consumed by all non-household were supplied at non-regulated prices<sup>33</sup>. In North Macedonia, only small consumers<sup>34</sup> were supplied under regulated prices (25.3% of non-household customers supplied at non-regulated prices and they consumed almost 78% of the electricity consumed by all non-household customers). In Serbia, only small customers had the possibility to be supplied at regulated end-user prices;<sup>35</sup> for all other non-household customers (33.2% of non-household customers who consumed more than 92% of the electricity consumed by all non-household customers), prices were not regulated. In Ukraine, only small non-household customers were supplied under regulated prices.<sup>36</sup> For all other non-household customers prices were not regulated and in 2022, those customers were consumed more than 90% of the electricity consumed by all non-household customers. In Georgia non-household consumers had the possibility to be supplied at regulated prices, except for the customers

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<sup>28</sup> In Serbia 4,365 of 3,328,849 households supplied at non-regulated prices by incumbent supplier and in North Macedonia 82 of 800,722. households supplied at non-regulated prices

<sup>29</sup> In Albania 83 of 180,215 non-household customers supplied under non-regulated prices and they consumed 2,236GWh of 3,194GWh electricity consumed by all non-household customers

<sup>30</sup> Federation BiH: small company means any company which meets at least two of the three mentioned criteria: it has fewer than 50 employees, to annual turnover less than 2 million BAM (1EUR=1,95583BAM) and with a value of operating assets at the end of the financial year less than 1 million BAM, and whose facilities are connected to the distribution system voltage levels lower than 1 kV;

Republika Srpska: small customer means any customer whose facilities are connected to the distribution system at the voltage level lower than 1 kV, which meets the following criteria (a) at least two of the three mentioned criteria: (1) it has fewer than 50 employees, (2) annual turnover is less than 2 million BAM, (3) a value of operating assets is less than 1 million BAM or (b) annual consumption in previous year is lower than 35000 kWh.

Brcko District: Small customer means any customer whose facilities are connected to the distribution system at the voltage level lower than 1 kV and that have less than 50 employees with total annual revenue not exceeding 10 million BAM.

<sup>31</sup> In 2022 only 3 of 97,734 non-household customers supplied under non-regulated prices, they consumed 7.3% of the electricity consumed by all non-household customers.

<sup>32</sup> Small customer is an enterprise that has a number of employees of up to 50 people and an annual turnover or a balance sheet that does not exceed the equivalent in lei of 10 million euros.

<sup>33</sup> As previously mentioned, the annual price increase limit was in force for small consumers in 2022 and 17,801 of 25,091 non-households customers supplied at non-regulated prices

<sup>34</sup> A small electricity consumer is an entity whose average number of employees in the last two accounting years is less than 50 employees and has a total annual income of less than two million euros in Denar counter value, with the exception of electricity producer and transmission system operator and electricity distribution system

<sup>35</sup> The Energy Law defines small electricity customers are end customers (legal persons and entrepreneurs) with less than 50 employees and a total annual revenue of up to 10 million EUR in dinar counter value whose facilities are all connected to the electricity distribution system at a voltage level lower than 1 kV and whose electricity consumption in the previous year did not exceed 30,000 kWh.

<sup>36</sup> A small non-household customer means a non-household whose electric power installations are connected to an electricity network with a capacity up to 50 kW and who buys electricity for its own consumption. Small enterprises have a right for universal service supply with end prices calculated according NEURC's methodology.

that are connected to 35-100 kV lines and customers that are connected to 6-10 kV lines. In Türkiye, all non-household customers had the possibility to be supplied at regulated prices and, in 2022, almost 1.5% of non-household customers who consumed about 73% of the electricity consumed by all non-households, were supplied at non-regulated prices.

**Table 4** Number of non-households (number of metering points) supplied at non-regulated electricity prices in 2022

	Number of non-household customers supplied at non-regulated prices in (number of metering points)	
	2021	2022
Albania	72	83
Bosnia and Herzegovina	9,910	13,442
Georgia	47	54
Kosovo*	3	3
Moldova	1,463	6
Montenegro	16,199	17,801
North Macedonia	30,536	26,287
Serbia	144,410	156,913
Türkiye	359,333	118,057
Ukraine	142,025	n.a.

In 2022, end-user electricity prices were regulated using the following **methodologies**:

- Rate of return/cost plus in Bosnia and Herzegovina , Georgia and Serbia;
- Revenue cap/price cap in Albania, Kosovo\*, North Macedonia, Moldova and Türkiye
- In Montenegro the hybrid regulatory method is implemented, as a type of economic regulation which aims to limit allowed revenue, to provide efficiency improvement incentives, and to allow risk-sharing between operators and users of the system (risk related to changes in deployed capacity).
- In Ukraine the regulated end-user prices for households are directly set by the Government within PSO regulation, for small non-households – calculated and formed by USS according to the NRA’s methodology that defines the end user price as a sum of estimated price of electricity purchased on the market by the USS, TSO tariff, DSO tariff, tariff for USS services”

In the process of **phasing out** of end-user price regulation it is important to explain to customers that the electricity price is a market-based commodity price that varies according to the wholesale market developments. One of the most efficient tools for doing so is a frequent update of the regulated energy component, so to allow the final price to reflect changes in the wholesale market. This will also offer customers the possibility to estimate if retail companies, other than incumbent suppliers, provide cheaper energy. Frequency of energy component update in the analyzed markets is different in Contracting Parties:

- Ukraine<sup>37</sup>: for small non-households, once a month; the end-user prices for households are regulated by the decisions of the Cabinet of Ministers, in the framework of the public service obligation rules, where there is no provision on the frequency of price update;
- Albania, Bosnia and Herzegovina, Georgia, Moldova<sup>38</sup>, Montenegro, North Macedonia: once per year;
- Kosovo\*: no automatic mechanism;
- Serbia: no automatic mechanism, the regulator decides upon request of a supplier (regarding changes in the wholesale market, according to the methodology, supplier may submit to the regulator a new price request if electricity purchase price is changed more than 10%);
- Türkiye: more than three months.

Another precondition for a successful transition towards complete deregulation of end-user prices is allowing customers to switch from and to regulated prices. Customers, especially households, typically consider regulated energy prices as more stable. If customers are not allowed to return to regulated supply, they will most likely not be willing to change their supplier at all. **Switching in and out of regulated prices for households** is allowed in Bosnia and Herzegovina, Kosovo\*, Moldova, North Macedonia, Serbia and Ukraine.

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<sup>37</sup> For small non-households being supplied by the universal supplier under the price set according to NRA's methodology - use of the energy component depends on the formula used for calculation of the price for universal services and varies from three months to one month before billing month.

<sup>38</sup> Once per year or more often in cases when the deviation between real costs and costs included in regulated tariffs exceed 5%

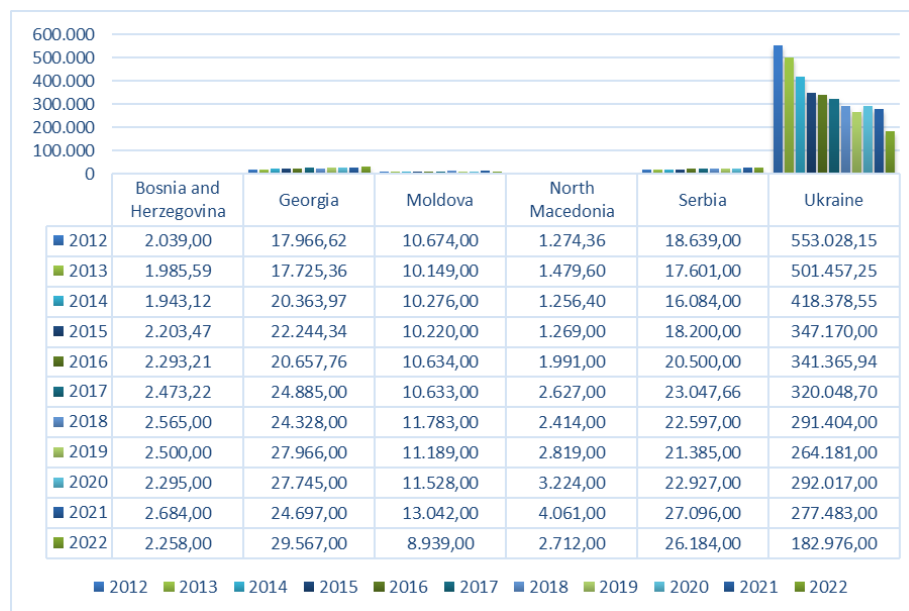
## B. Findings: Gas

This part of the report provides analysis of the retail gas markets in Bosnia and Herzegovina<sup>39</sup>, Georgia, Moldova, North Macedonia, Serbia and Ukraine. Having in mind that Albania, Kosovo\* and Montenegro do not have gas markets, this part of the report does not include information for these Contracting Parties.

### 1. Gas retail market characteristics

The total **sale of gas to final customers** in the Contracting Parties, without Ukraine, increased from 2012 to 2022 by 37%. On the other side, in Ukraine, the demand decreased by 67% over the same period. With the exception of the clear downwards gas demand trend observed in Ukraine for the period 2012 - 2021, caused predominantly by efforts towards less import dependence, gas consumption in the Contracting Parties varies depending on industry performances<sup>40</sup> and winter temperatures. In the period 2021-2022, gas demand substantially decreased due to the war in Ukraine and the dramatic rise of gas prices on the wholesale level. The figures below present the total gas sales to final customers in the period from 2012 to 2022 as well as consumption growth rates for the whole period and in the last year. Having in mind the size of the Ukraine gas market compared to other Contracting Parties, the results are displayed separately with and without data for Ukraine.

**Figure 10** Total sale of gas to final customers in the Energy Community Contracting Parties in the period 2012 - 2022 (in GWh)<sup>41</sup>



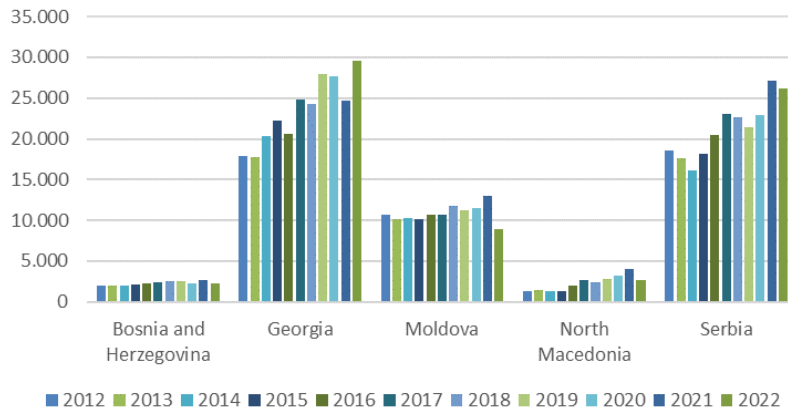
<sup>39</sup> The information for Bosnia and Herzegovina was provided by the regulatory authorities of Republika Srpska and Federation of Bosnia and Herzegovina.

<sup>40</sup> In North Macedonia, deployment of the biggest consumer - CHP plant in summer months strongly influences the average level of gas demand.

<sup>41</sup> For Ukraine, the information for 2022 do not include data of four DSOs.

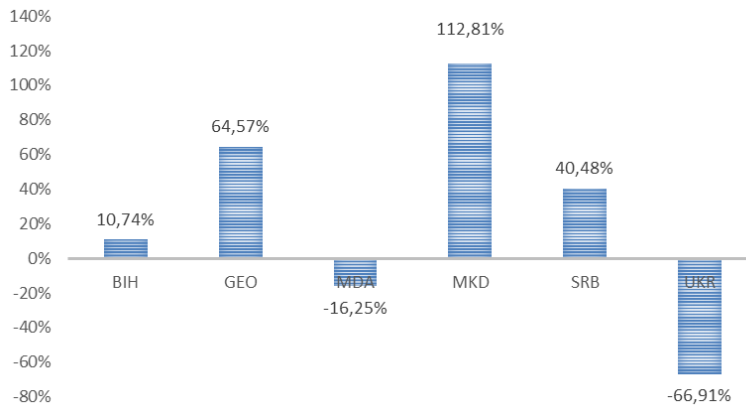
Source: National regulatory authorities

**Figure 11** Trends in sale of gas to final customers in GWh in the period 2012-2022 (excluding Ukraine)



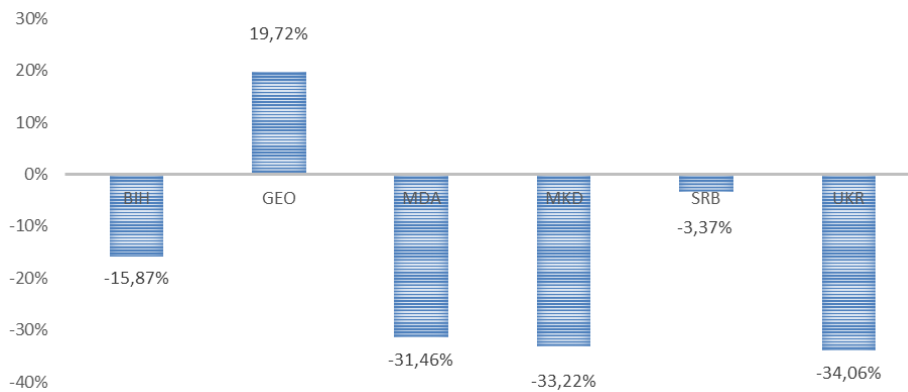
Source: National regulatory authorities

**Figure 12** Growth rates of gas demand 2012 to 2022



Source: National regulatory authorities

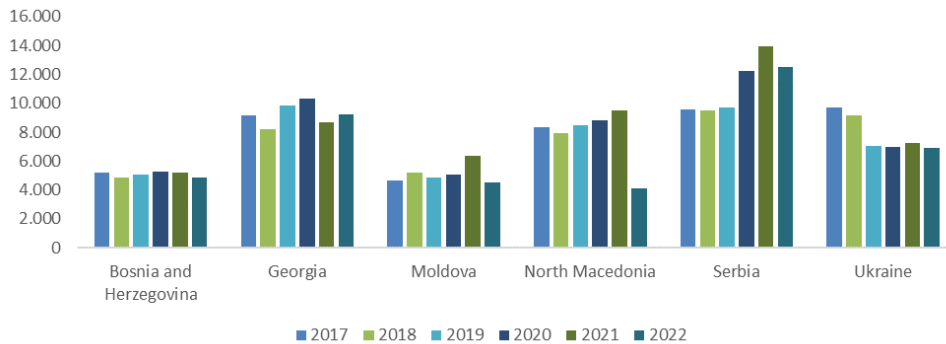
**Figure 13** Growth rates of gas demand 2021 to 2022



Source: National regulatory authorities

The **average consumption of gas per household varies** among countries and over the time. A substantial decrease in average household consumption between 2021 and 2022 was registered in Moldova (57%) and North Macedonia (29%), while in other Contracting Parties the average household consumption dropped as well, but to a lesser extent. Relevant quantities are displayed in the figure below.

**Figure 14** Average annual gas consumption per household in 2017 - 2022 (in kWh)<sup>42</sup>



The number of active suppliers ranged from three in Bosnia and Herzegovina to 210 in Ukraine. In two Contracting Parties- Moldova and Ukraine, substantial numbers of suppliers left the market in 2022. The majority of active retail suppliers holds a license for supplying customers nationwide, i.e. those suppliers that are entitled to supply not only in a specified geographical region but on the entire territory of the country. Nevertheless, the household customers in the Contracting Parties predominantly buy gas from local incumbent suppliers.

In four Contracting Parties, namely Georgia, Moldova, Ukraine and Serbia customers connected to the distribution network can be supplied by more than one supplier (i.e. other than the incumbent). On the other side, in all Contracting Parties customers connected to the transmission network could be supplied by more than one supplier. To achieve positive market opening effects, it is of utmost importance to enable efficient separation of supply and network activities and allow gas retailers to supply customers nationwide.

**Table 5** Number of active gas suppliers in 2021 and 2022

	Number of licensed gas suppliers		Number of active gas suppliers	
	2021	2022	2021	2022
<b>Bosnia and Herzegovina</b>	7	8	3	3
<b>Georgia</b>	No license for supply		30	28
<b>Moldova</b>	24	25	14	5
<b>North Macedonia</b>	11	16	5	5
<b>Serbia</b>	71	72	34	33

<sup>42</sup> For Ukraine, the information for 2022 do not include data of four DSOs.

Ukraine	907	966	248	210
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Source: National regulatory authorities

In order to accomplish the picture of retail gas markets from supply side, **concentration** of markets have been investigated. The results are presented in the table below. The following conclusions can be drawn:

- In all Contracting Parties except Ukraine, dominant retail suppliers sell more than 80% of gas to end-users. The market share of the three largest companies in the retail gas market decreased from 75% in 2021 to 69% in 2022 in Ukraine whereas in other Contracting Parties remained stable.
- There was often no alternative to the incumbent gas supplier in the household segments of the analyzed markets and in cases where there was an alternative available it was hardly used in 2022. Obstacles to retail market entries in other Contracting Parties stem mostly from reasons other than retail market design, namely the status of wholesale market development (e.g. single source of gas and poor access to liquid wholesale markets). The effect of regulation of end-user prices is also substantial.

**Table 6** Retail gas market concentration in 2022

	Number of gas retailers selling at least 5% of total gas consumed by final customers	Market share of the 3 largest companies in the retail market (aggregated) in %	Estimated incumbent market share in the household market, in % of annual consumption
Bosnia and Herzegovina	3	100%	100%
Georgia	3	84%	100%
Moldova	1	96%	100%
North Macedonia	3	98%	100%
Serbia	1	87%	100%
Ukraine	2	69%	n.a.

## 2. Switching behaviour

All natural gas customers in the analyzed Contracting Parties were eligible to choose their supplier. **Only in Ukraine and Moldova, household customers changed their suppliers in 2022.** The switching rates of households in Ukraine and Moldova, measured in number of metering points were 7.1% and 0.09% respectively.

For **non-households**, the following information on switching rates has been provided for other Contracting Parties:

- In Bosnia and Herzegovina and Georgia, none of the non-households changed supplier in 2022;
- In North Macedonia, 3 non-household customers, holding 78% of total national consumption, changed suppliers in 2022.



- In Moldova, 10 non-households changed their supplier in 2022 and in Serbia 25.
- In Ukraine, 38% of non-households, measured in number of metering points, switched supplier.

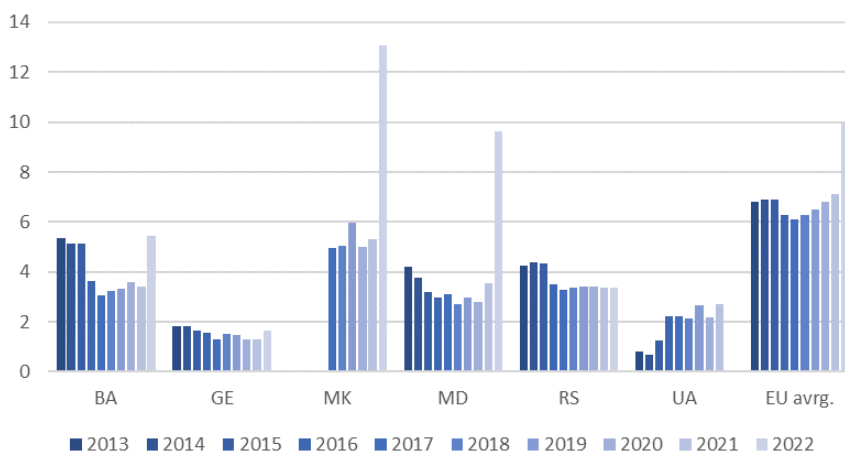
### 3. End-user natural gas prices<sup>43</sup>

In 2022, average gas household prices in the Contracting Parties increased by 57% to 3.5 euro cents/kWh, while average industry prices increased by 85% to 6.64 euro cents/kWh. These increases were driven by the significant gas wholesale price increases in 2022. Over the period 2013-2022, the average gas prices for households increased by 18% and for the industry by 24%.

Across the Contracting Parties, substantial national discrepancies in the level of household and industrial gas prices are observed. The final price paid by household gas consumers in 2022 in North Macedonia (13.05 euro cents/kWh) was almost 8 times higher than 1.66 euro cents/kWh paid by Georgian households. In the industrial segment, the price paid by consumers in Georgia (3.02 euro cents/kWh) was less than 20% of the price paid by consumers in North Macedonia (15.62 euro cents/kWh). This difference is explained by the existence of long-term gas supply contracts and price regulation in Georgia, on one side, and non-regulated gas prices in North Macedonia, combined with the lack of supply diversification and of the third-party access on Bulgarian side of the border.

The biggest increase between 2021 and 2022 in the household segment was registered in Moldova, where prices increased on average by 170%. The price increases were even higher for the industrial segment, with gas prices soaring by 300% in Moldova and 350% in North Macedonia. In both Contracting Parties, the gas prices were higher than in the EU on average.

**Figure 15** Final gas prices in nominal terms for household consumers in EnC CPs - 2013-2022 (euro cents/kWh)<sup>44</sup>



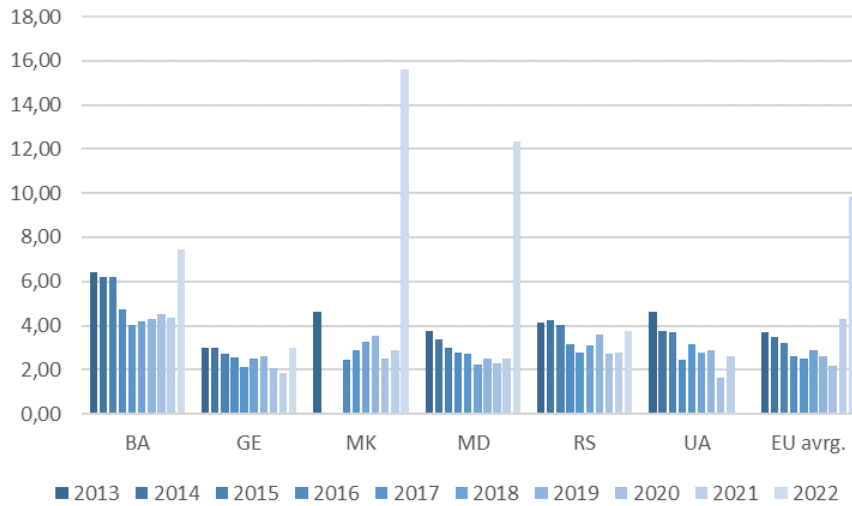
Source: Eurostat, Band D2: 20–200 GJ (household gas consumption), June 2023

<sup>43</sup> Information in this chapter was prepared based on EUROSTAT information, also for the purpose of ACER Market Monitoring Report 2022

([https://www.acer.europa.eu/Reports/2023\\_MMR\\_Energy\\_Retail\\_Consumer\\_Protection.pdf](https://www.acer.europa.eu/Reports/2023_MMR_Energy_Retail_Consumer_Protection.pdf)).

<sup>44</sup> EUROSTAT data for Ukraine for 2022 not available.

**Figure 16** Final gas prices in nominal terms for industrial consumers in EnC CPs - 2013-2022 (euro cents/kWh)<sup>45</sup>



Source: Eurostat, Band I5: 1,000,000–4,000,000 GJ, for Bosnia and Herzegovina, Ukraine and Serbia i.e. Band I4: 100 000 GJ -1 000 000 GJ, for Georgia, Moldova and North Macedonia, (industrial gas consumption), June 2023

#### 4. Gas price breakdown for households<sup>46</sup>

The figure below shows the breakdown of gas prices for households in the Contracting Parties, for which the information was available<sup>47</sup>. The share of energy component in the final gas price in 2022 ranged from 46% in Georgia to 81% in North Macedonia and increased in comparison to the previous year, reflecting increased wholesale gas prices. The share of network charges, including both distribution and transmission network costs, ranged from 4% in North Macedonia to 39% in Georgia.

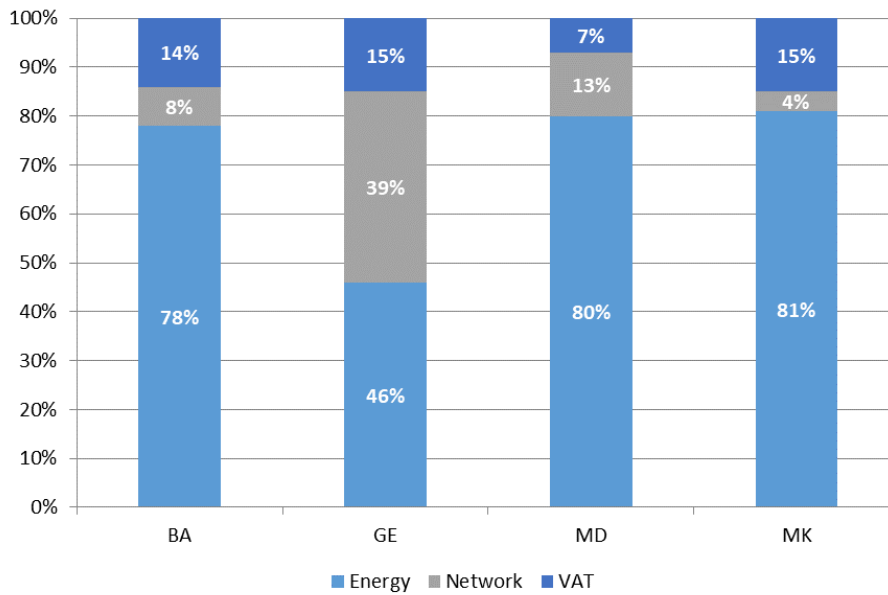
<sup>45</sup> EUROSTAT data for Ukraine for 2022 not available.

<sup>46</sup> Information in this chapter was prepared based on EUROSTAT information, also for the purpose of ACER Market Monitoring Report 2022

([https://www.acer.europa.eu/Reports/2023\\_MMR\\_Energy\\_Retail\\_Consumer\\_Protection.pdf](https://www.acer.europa.eu/Reports/2023_MMR_Energy_Retail_Consumer_Protection.pdf))

<sup>47</sup> For Serbia and Ukraine, information for 2022 is not available.

**Figure 17** Breakdown of household gas prices in the EnC CPs- 2022 (in %)



Source: ECS calculations based on Eurostat, June 2023

## 5. End-user gas price regulation

End-user gas prices for household customers were regulated in all Contracting Parties in 2022,<sup>48</sup> except in North Macedonia and Ukraine<sup>49</sup>.

Application of price regulation for industry differs among Contracting Parties:

- In Bosnia and Herzegovina (Republika Srpska), North Macedonia, Georgia and Ukraine<sup>50</sup>, end-user prices for industry are not regulated;
- In Serbia, small and medium enterprises with a yearly consumption up to 100.000 m3 and connected to the distribution system may buy gas at regulated prices.
- In Moldova, non-households are supplied both at regulated and non-regulated prices, depending on a supplier. The so-called non-regulated suppliers became active suppliers for the first time in 2020.

In the process of **phasing out** end-user price regulation it is important to prove to customers that the gas price is a market-based commodity price that varies according to the wholesale market developments. One of the most efficient tools for doing so is frequent updating of the regulated energy component, so to allow the final price to reflect changes in the wholesale market. This will also offer customers the possibility to estimate if retail companies, other than

<sup>48</sup> It is worth noting that all customers, including households, are eligible to change their suppliers. However, in all Contracting Parties protected customer categories (households, small industry and/or district heating) have the right to be supplied at regulated prices.

<sup>49</sup> In Ukraine, the Law No 2479 was adopted. This Law established a moratorium on natural gas price increases for all households compared to the prices applied in relations between suppliers and relevant consumers as of 24 February 2022. The moratorium has been established for the period of martial law and 6 months after its abolition.

<sup>50</sup> The last public service obligation in Ukraine - for the heating companies, was abandoned as of May 2021, however as of 1 June 2022 public service obligations to supply natural gas for heating companies at predefined prices were imposed again on some gas market participants.

incumbent suppliers, provide cheaper energy. The energy component is updated once a year in majority of the Contracting Parties where end-user price regulation is applied.

Another precondition for successful transition towards complete deregulation of end-user prices is to allow customers to **switch from and to regulated prices**. Customers, especially households, typically consider regulated energy prices as more stable. If customers are not allowed to return to regulated supply, they will most likely not be willing to change supplier at all. This tendency increases where regulated prices are set at levels below costs. Obviously such approach does not contribute to liquid and effective retail market development. Among the markets analyzed in this report, only in Serbia and Ukraine switching in and out of regulated prices was allowed in the reporting period.

## *C. Consumer protection and customer empowerment*

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This chapter reviews the level of consumer protection and empowerment in electricity and gas markets of Energy Community Contracting Parties, from the perspective of household consumers. It explores through various indicators how the relevant Clean Energy Package provisions were transposed into national legislation and which mechanisms of consumer protection are implemented.

The topics covered in this chapter are:

- Supplier of last resort and disconnections;
- Vulnerable customers;
- Consumer information;
- Complaint handling and dispute resolution;
- Energy poverty;
- DSO service quality;
- Active consumers.

### **1. Supplier of last resort and disconnections**

To ensure the right to universal service according to Article 27 of Directive 2019/944, Contracting Parties may appoint a supplier of last resort (SOLR) and impose on DSOs an obligation to connect consumers under terms, conditions and tariffs set in accordance with the procedure laid down in Article 59(7). Directive 2009/73 also calls for a SOLR for consumers connected to the gas system.

The acquis does not further define the meaning and functions of a SOLR, but those that are recognized in national legislation and practice in European Union Member States and Energy Community Contracting Parties are: protection of inactive consumers, precaution for failure of supplier/DSO and protection of consumers with payment difficulties. The role of supply of last resort should be designed in a way to enable and promote consumer engagement in the liberalized market.

The following table summarizes the results of the research conducted in the Energy Community Contracting Parties regarding the functions of the supplier of last resort.

**Table 7** Functions of the supplier of last resort in the Contracting Parties in 2022

In what circumstances may a household customer turn to the "supplier of last resort" to ensure continuous energy supply?	Number of countries - electricity	Number of countries - gas
If a household customer does not find supplier on the market	7	3
If a household customer is dropped by its current supplier because of non-payment	5	1
The current supplier has gone bankrupt and is no longer doing business	8	4
The license of the current supplier has been revoked	8	4
If a final household customer does not choose a supplier	5	3
If a fix-term supply contract expires	4	2
Other reasons	4	2
There is no supplier of last resort in the country	1*	3 <sup>*51</sup>

According to data provided, a supplier of last resort for electricity exists in all Contracting Parties, except Armenia which has submitted a questionnaire as an Observer, and for gas there is no SOLR in Georgia, BIH entity Republika Srpska and Armenia yet.

In Georgia, according to Electricity Retail Market Rules (adopted in August 13, 2020, entered into force in July 1, 2021), the customer turns to the supplier of last resort if he/she is not able to choose supplier due to justified reasons or the current supplier has gone bankrupt and is no longer doing business; as for natural gas market, retail market rules, which shall include SOLR operational rules, have not been adopted yet.

In BIH entity Republika Srpska, new Gas Law (Official Gazette RS 22/18 and 15/21) defines duties and responsibilities of customers and supplier of last resort on gas market. Regulatory Commission for Energy of Republika Srpska adopted secondary legislation Rulebook about change of supplier and Rulebook about supplier of last resort (Official Gazette RS 38/19). Supplier of last resort will be designated by Government and respected Ministry of Republika Srpska.

When it comes to the other reasons among countries, in Moldova the customer may turn to the supplier of last resort when the supplier is in impossibility to supply the electricity or natural gas. In North Macedonia, according to the provisions from the Energy Law, in the electricity retail market households are supplied by the Universal supplier in every abovementioned circumstance, and supplier of last resort is dealing with customers which are not eligible to be supplied by the universal supplier. Furthermore, in Serbia, households (and small consumers) cannot turn to the supplier of last resort, they can only turn to the

<sup>51</sup> In Serbia, households (and small consumers) can not turn to the supplier of last resort, they can only turn to guaranteed supplier (electricity) and public supplier (gas), according to Energy Law.

guaranteed supplier for electricity and to the public supplier for gas, according to the Energy Law.

The most common cases when a household customer may turn to the supplier of last resort on the **electricity sector** are:

- when a customer does not find a supplier on the free market;
- when a customer is dropped by its current supplier because of non-payment;
- when the current supplier has gone bankrupt and is no longer doing business;
- when the license of the current supplier has been revoked;
- when a final household customer does not choose a supplier.

As regards to the **gas market**, the most common cases are:

- when a customer does not find a supplier on the free market;
- when the current supplier has gone bankrupt and is no longer doing business;
- when the license of the current supplier has been revoked;
- when a final household customer does not choose a supplier.

This means that protection of inactive consumers and precaution for failure of supplier is provided through the role of supplier of last resort.

As per article 10 of the Directive 2019/944 appropriate measures should be taken to protect final customers, which consequently put some obligation to the supplier, such as to provide adequate information on alternative measures to disconnection sufficiently in advance of any planned disconnection. Special emphasis is placed in this context on **vulnerable customers**, and after article 28 of the Directive 2019/944 every country is allowed to create its own concept of vulnerable customers which may refer to energy poverty and, inter alia, to the prohibition of disconnection of electricity to such customers in critical times.

In order to protect customers but also to provide a predictable framework for suppliers it is of great importance to set clear and simple procedures for disconnection from the network due to non-payment and for re-connection to the network after removing the reasons for disconnection.

The rules shall ensure that rights and obligations linked to vulnerable customers are applied and regulatory authorities are obliged to monitor the level and effectiveness of market opening, prices for household customers, switching rates, disconnection rates, complaints by household customers etc. The review of the minimum notice period for disconnection of consumer from the network in Energy Community Contracting Parties is shown in the following tables, either for electricity that for gas, as well as its comparison with disconnection period in practice.

**Table 8** Minimum duration of disconnection process for electricity non-paying consumers across the Contracting Parties in 2022

How many days (at least) does it take to disconnect a final household customer from the grid because of non-payment?  Starting date is due date of payment	ELECTRICITY LEGAL	ELECTRICITY IN PRACTICE
<b>Albania</b>	60	60
<b>Bosnia and Herzegovina</b>	FBIH - 30; RS & BD: 60	FBIH: 60; BD: NA
<b>Georgia</b>	Immediately unless due date does not coincide with weekend or public holidays according to the Laws of Georgia in self-governed cities and also, to the holiday's eve - in other municipalities	Immediately unless due date does not coincide with weekend or public holidays according to the Laws of Georgia in self-governed cities and also, to the holiday's eve - in other municipalities
<b>Kosovo*</b>	30	45
<b>Moldova</b>	4	10
<b>Montenegro</b>	8	≥8
<b>North Macedonia</b>	60	60
<b>Serbia</b>	38	NA
<b>Ukraine</b>	10	NA
<b>Armenia</b>	NA	NA

The presented data shows that the number of days legally envisaged for disconnection of household consumer because of non-payment varies significantly from Contracting Party to Contracting Party (from 8 days in Montenegro to 60 in Albania and North Macedonia). The actual duration of a disconnection in most cases takes longer than the legally foreseen deadlines. In Georgia, disconnection is not allowed during evening and night hours. In case of electricity retail market, the pensioners shall not be disconnected till 16 of the calendar month, other kind of socially vulnerable customers, determined by the Electricity Retail Market Rules, shall not be disconnected till 22 of the calendar months. In Ukraine, in accordance with the resolution of the Cabinet of Ministers of Ukraine dated 05.03.2022 No. 206 until the termination or cancellation of martial law in Ukraine, it is prohibited to terminate/suspend the provision of utilities to the households in case of non-payment or incomplete payment. In Serbia according to the national Law on Consumer Protection, after the expiration of two months from the due date of the current debt, the supplier must send a warning about the state of the debt and the obligation to pay it within 30 days, if the customer does not settle the obligations within the deadline, the supplier gives an order to the system operator to stop delivery to the customer, who should act on that order within 8 days at the latest.

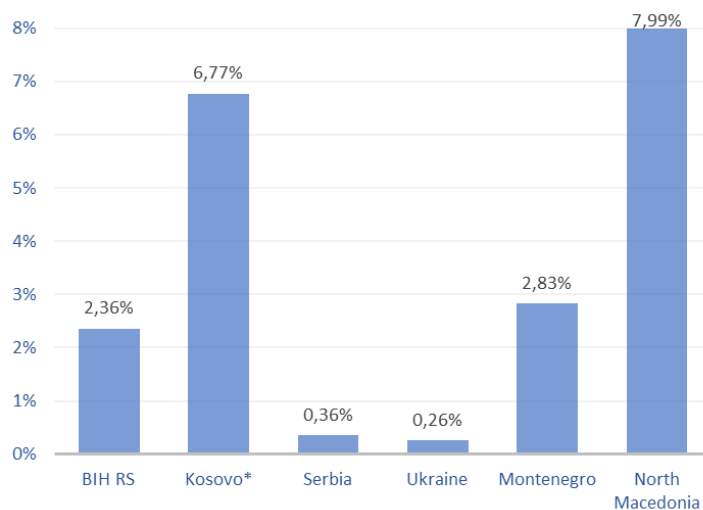


**Table 9** Minimum duration of disconnection process for gas non-paying consumers across Energy Community Contracting Parties in 2022

How many days (at least) does it take to disconnect a final household customer from the grid because of non-payment?	GAS LEGAL	GAS IN PRACTICE
Starting date is due date of payment		
<b>Bosnia and Herzegovina</b>	RS: after 2 bills of non-payment based on General conditions of gas supply	RS: after 2 bills of non-payment based on General conditions of gas supply
<b>Moldova</b>	10	10
<b>Serbia</b>	38	na
<b>Ukraine</b>	10	≥ 3 days after the date of receipt of the notice <sup>52</sup>

The share of household disconnections due to non-payment for electricity in the Contracting Parties varies among countries (0.26% - 7,79%). According to the provided data, the smallest share is in Ukraine and biggest in North Macedonia.

**Figure 18** Share of household disconnections due to non-payment of electricity bills in % of household metering points in 2022<sup>53</sup>



When it comes to the disconnections due to non-payment for gas, the shares are negligible, 0.03% in Republika Srpska, 1.21% for Serbia<sup>54</sup> and 0,008% in Ukraine.

<sup>52</sup> If the household consumer has not paid for the consumed natural gas within ten days after the deadline specified in the natural gas supply contract (if there is no a debt repayment schedule or the schedule is not met), the supplier has the right to take measures to terminate the supply of natural gas to the consumer by sending a written notice with the requirement to stop the consumption of natural gas by closing the shut-off device in front of the gas appliance and allow the supplier's representative with a service certificate to the object for sealing shut-off devices. In this case, in the notice of termination of natural gas consumption, the supplier must indicate the grounds and date of such termination, which may not be earlier than three days after the date of receipt of the notice.

<sup>53</sup> For Serbia, data include number of disconnections for all metering points that are connected to the low voltage distribution network, not only for households.

## 2. Vulnerable customers

Energy services and the well-being of the citizens are inseparable and may not be considered differently. Therefore, providing adequate warming, cooling, lighting and energy to power appliances are essential services in order to ensure a decent standard of life. Every Contracting Party in order to be coherent with EU practice, should enhance their national policies in favor of every single customer with special dedication to the vulnerable one.

The results of the conducted research show that most Contracting Parties have introduced **definitions of the concept of vulnerable consumers**, as required by the Directives. Some Contracting Parties have defined vulnerable customers in their energy laws and some in legal acts related to social protection.

There is variety of criteria among Contracting Parties which a customer should have in order to be classified as vulnerable customer. By Directive 2019/944 the concept of vulnerable customers may include income levels, the share of energy of expenditure of disposal income, the energy efficiency of homes, critical dependency on electricity powered equipment for health reasons, age or other criteria. The common criteria for electricity are income level and critical dependency on electricity powered equipment for health reasons, and for gas income level. The following table shows the criteria used for identification of vulnerable customers in the Contracting Parties in 2022.

**Table 10** *Criteria for identification of vulnerable customers in the Contracting Parties in 2022*

Criteria for identification of vulnerable customers	Number of countries - electricity	Number of countries – gas
Income level	7	3
Share of energy expenditure in disposable income	2	1
Energy efficiency at home	0	0
Critical dependency on electricity powered equipment for health reasons	3	1
Age	2	0
Other		

<sup>54</sup> Data refers to all consumers, not households only.

Besides, some general criteria foreseen by Directive, some countries have introduced different criteria, therefore in Kosovo\* there are two additional criteria such as poverty status and merit/recognition for service during the war; In Serbia there are criteria of material position, right to social assistance and health condition; while in North Macedonia there is a criteria of state of social risk.

It is difficult to define vulnerability of customers in the right way because it should cover risk factors from personal circumstances as well as from the energy market itself. In addition to this, vulnerability can be transitory as people's circumstances change over time.

The following table shows measures used for protection of vulnerable customers in the Contracting Parties in 2022.

**Table 11** *Measures to protect vulnerable customers in the Contracting Parties in 2022*

Measures to protect vulnerable customers	Number of countries - electricity	Number of countries – gas
Restrictions on disconnection due to non-payment	9	4
Earmarked social benefits to cover (unpaid) energy expenses	5	2
Special energy prices for vulnerable customers	2	1
Additional social benefits to cover (unpaid) energy expenses (non-earmarked financial means)	1	1
Free energy-saving advice to vulnerable customers	3	2
Right to deferred payment	4	3

<sup>55</sup> In Albania, the council of Ministers do not have yet a decision in force, nor there is a law or regulation for setting these criteria. In North Macedonia there are other criteria as: household has a person that lives in a state of social risk (motherhood, illness, old age, injury, and disability) to which the energy supply and/or the use of the network is given under special conditions), must be supplied by a universal electricity supplier, i.e. must have a yearly electricity consumption of up to 3600 kWh and must have an electricity consumption which is measured through a single-phase meter with a rated current of insurance feeder or on a 25 A connecting line or three-phase with the rated current of a fuse of 16 A. In In Kosovo\*, the Ministry of Labour and Social Welfare sets the criteria for identifying consumers in need based on two criteria: (i) based on poverty status (recipients of the SAS scheme, defined by Law on the Social Assistance Scheme, and (ii) based on merit / recognition for service during the war, defined by Law on the Status and the Rights of the Martyrs, Invalids, Veterans, Members of Kosovo Liberation Army, Civilian Victims of War and their Families. In Serbia, according to the Regulation on the Energy Vulnerable Customer ("Official Gazette RS", No 137/2022), the criteria for acquiring the status of energy vulnerable customer are: 1) material position (which is determined by following: total monthly household income, number of household members, property status), 2) realized right to cash social assistance or child allowance or increased allowance for assistance and care of another person (which does not affect on the determination of the status of energy vulnerable customer, i.e. it excludes the above mentioned conditions at point 1); 3) health condition of the household member. In Moldova, there is criteria of number of residents.

<sup>56</sup> In North Macedonia there is a same criteria as for electricity with slightly different conditions: household has a person that lives in a state of social risk (motherhood, illness, old age, injury, and disability) to which the energy supply and/or the use of the network is given under special conditions), must be supplied by a supplier with an obligation to provide public service in the supply of natural gas and the consumption of natural gas for October to March annually must not exceed 70 normal cubic meters (from October to March, annually). In Moldova, there is criteria of number of residents. In Serbia there are the same criteria as for electricity.

Exemption from some components of final customer energy costs (e.g. energy price, network tariffs, taxes, levies...)	1	0
Financial grants for the replacement of inefficient appliances	1	1
Free basic supply of energy	1	1
Other	3 <sup>57</sup>	1

The most common measures for protection of vulnerable customers in Contracting Parties have remained unchanged from the last year, i.e. restrictions on disconnection due to non-payment and earmarked social benefits to cover (unpaid) energy expenses.

Measures of protection are more used in electricity, but that is partly so because gas markets do not exist in every monitored Contracting Party.

When it comes to the other measures designed with a view to support the vulnerable customers there are as following: block electricity tariffs in Georgia applied for all customers with the monthly consumption below 101kWh; compensation of expenses from the change in the price of electricity in the amount of 648 lek for some pension categories in Albania; free advices on energy saving measures in Ukraine, Moldova, Georgia; the supplier in North Macedonia, Kosovo\* are obliged to deliver electricity during the winter period.

There are no big deviations from 2021 regarding the share of vulnerable electricity customers out of the total number of households metering points in Contracting Parties at the end of the 2022, in Kosovo\* 6,1%, in Montenegro 5,61%, in North Macedonia 4,67%, in Serbia 1,86%.

### 3. Energy poverty

Eurostat in June 2023 has stated that there are 9,3% of people who were unable to keep their homes adequately warm in EU. That percentage has increased during the last few years due to the very unstable energy and gas market. Being not only an energy issue but also a social one, the EU is committed to address it via different legislative and non-legislative measures.

Even though this issue is of high importance and priority, there is a lack of its definition in EU, but however in a recast Energy Efficiency Directive from 2021 there is a new provision defining energy poverty as 'a household's lack of access to essential energy services that underpin a decent standard of living and health, including adequate warmth, cooling, lighting, and energy to power appliances, in the relevant national context, existing social policy and other relevant policies'<sup>58</sup>. Both the Electricity and Gas Directive (2009/73/EC) and the revised Electricity Directive ((EU) 2019/944) require the Member States to provide a definition and to develop a set of criteria to assess energy poverty. Also, Member States must integrate in their

<sup>57</sup>In Montenegro subventions for all endangered categories are 40% of the bill if it is up to 60 EUR, for bills of more than 60 EUR the subvention is fixed at 24 EUR. The Government of the Brčko District of BiH subsidizes the costs for consumed electricity in accordance with the program of subsidizing vulnerable customers. In Ukraine for all household consumers until the termination or abolition of martial law in Ukraine, it is prohibited to accrue and collect penalties (fines), inflation accruals, interest per annum, accrued on arrears formed for late and / or incomplete payment for utilities, termination / suspension of the provision of utilities to the household consumers in case of non-payment or incomplete payment (the resolution of the Cabinet of the Ministers of March 5, 2022 № 206).

<sup>58</sup> [Energy poverty in the EU \(europa.eu\)](https://europa.eu)

national energy and climate plans the strategy in order to reduce energy poverty in accordance with the Regulation on the Governance of the Energy Union and Climate Action.

Energy poverty and vulnerable customers have been putted at the core of energy transition trough the 'Clean Energy for All Europeans' legislative package, initiatives under the 'Fit for 55 Package', Recommendation on Energy Efficiency First, and finally through establishment of the Energy Poverty and Vulnerable Consumers Coordination Group by the European Commission in 2022 as 'a platform for the the exchange of information and coordination between the Commission and Member States on questions relating to the design and implementation of Union legislation, programmes and policies addressing financially weak households or those affected by energy poverty and vulnerable consumers, including in the context of affordability of energy, targeted renovation and energy efficiency measures and financing schemes at national level'<sup>59</sup>.

Although the concept of energy poverty is not precisely defined in national legislation of the Contracting Parties, various measures that are directly or indirectly related to this issue have been implemented in the majority of the observed countries.

**Financial measures**, i.e. various models of support for paying energy bills, provided via social welfare systems represent one of the most common implemented measures in Energy Community Contracting Parties.

In Ukraine, for both electricity and natural gas market, according to the Regulation on the provision of housing subsidies, approved by the Cabinet of Ministers of October 21, 1995 № 848 (last amended on 19.04.2022) housing subsidy is a non-refundable targeted state social assistance to vulnerable consumers of housing services and utilities - residents of households living in residential premises (houses) and unable to pay for housing services and utilities, pay for apartment building management, for the purchase of liquefied gas, solid and liquid furnace household fuel in such a house. According to the Regulation 848 utilities include, inter alia, distribution and supply of natural gas, dictribution and supply of electricity. Regulation 848 provides that housing subsidies are granted if there is a difference between the amount of payment for housing services and utilities and / or liquefied gas, solid and liquid furnace fuel, for customer service of utility consumers provided under individual utility contracts or individual in-house systems service contracts, contribution / payment to the home-owners association to pay the costs of managing an apartment building within the social norms of housing, social standards of housing services and utilities, liquefied gas, solid and liquid furnace fuel, the cost of managing an apartment building and the amount of the obligatory payment percentage (the amount of the obligatory payment percentage is calculated according to the formula that includes the basic rate of payment for services - 20 percent of average monthly total household income).

In Georgia variuos mechanism aimed to procide financial support to households, for electricity market. Financial support is offered, for instance, by the Law on Development of High Mountainous Regions (2015) which foresees partial subsidization of the electricity costs for the residents of mountainous settlements. In 2021, according to the Decree No655 of the

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<sup>59</sup>Decisions commission (EU) 2022/589 of 6 April 2022 establishing the composition and the operational provisions of setting up the Commission Energy Poverty and Vulnerable Consumers Coordination Group [Publications Office \(europa.eu\)](https://publications.ec.europa.eu/publication-detail/-/publication/11111111-1111-1111-1111-111111111111)

Government of Georgia, dated December 18, 2020, difference between the energy prices for 2020 and 2021, had been subsidized for all household customers; according to the Decree No5 of the Government of Georgia, dated January 12, 2021 - electricity bills had been partially subsidized to non-household customers. During the cold season, for gas market, there are subsidies available to populations of certain mountainous municipalities.

As per Kosovo\*, the Ministry in charge for social welfare shall, in cooperation with the Ministry for energy and Ministry of Finance, has developed a detailed program for establishing the status of customers who needs social help, as well as measures aimed to protect the those customers in need in order to meet their electricity demand. In this regard, the government approved a fund of 4.5 million which is dedicated for this type of customers. The payments of their electricity needs-bill per month will not excide 20 € per customer that is part of social scheme.

**Energy efficiency measures** are widely used across the Contracting Parties and also represent the most common implemented measure in Energy Community Contracting Parties.

In Ukraine, for both electricity and natural gas market, the Energy Efficiency Fund provides reimbursement of part of the costs of energy efficiency measures. Furthermore, an advice on energy saving measures, in particular in the autumn-winter period, are provided.

In Albania, the Muncipalities launched the "Communities Fund" program is co-financing building efficiency projects for families in need (some of them benefits 100% of the financing such as: families that are treated with economic assistance, families whose members are disabled, families consisting only of pensioners).

In Montenegro, financial support for energy efficiency investments for households and small and medium-sized companies were provided.

In Georgia, there are a number of energy efficiency credit lines to Georgian financial institutions financed by various donors, allowing small and medium-sized consumers to obtain energy efficient technology for residential and commercial purpose, either for electricity and gas market.

**Information provision**, such as awareness campaigns, information on market prices and energy savings measures and establishment of national advice organizations were implemented in Albania, Bosnia and Herzegovina, North Macedonia, Georgia, Kosovo\*, Moldova, Serbia and Ukraine.

In Georgia various campaigns aimed at awareness-raising have been implemented by GNERC and other parties. In Ukraine, awareness raising campaigns on market tariffs and energy savings measure is published on the official websites of the Regulator, Ministry of Social Policy, electricity suppliers (paragraph 9.2. of the Rules of the retail electricity market, approved by the resolution of the Regulator of March 14, 2018 № 312).

**Social tariffs** for electricity are applied in Ukraine, i.e. fixed price for all household customers under the PSO framework 1,44 UAH per kWh consumption under 250 kWh for month and 1,68 UAH per kWh for consumption over 250 kWh for month.

In Georgia, GNERC, while calculating tariffs for natural gas, takes into consideration the price of so-called "social gas" that Georgia receives due to fulfillment of the obligations regarding transnational transit and other services. The price of "social gas" is cheaper that gives

GNERC the opportunity to lower the tariffs. For household customers, block tariffs are available for electricity consumption. The lowest price is reserved for the customers who, within a 30-day period, consume 101 kWh or less.

**Other measures** implemented for addressing energy poverty are in Bosnia and Herzegovina, defined by the Decision on Implementation of the Measures Intended to Reduce Costs of Electricity for the Households and to Enhance Energy Efficiency.

Also, in Albania, the Council of Ministers brought the Decision nr. 8/2015 after which some categories such as pensions, disabled, unemployed may benefit compensation of expenses from the change in the price of electricity in the amount of 648 lek.

The data gathered through this report suggests that the majority of measures that have been implemented in Energy Community Contracting Parties focus on both vulnerable consumers and on energy poverty. Even though these are distinct issues, they are closely related. Vulnerable consumer issues require curative solutions and are short-term in nature, while energy poverty is often structural in nature, concerns affordability and requires a long-term, preventive approach. Both concepts require an integrated approach to address them efficiently. Financial measures are useful in addressing affordability in the short term, and they can be used to complement longer-term measures that address the underlying structural issues of energy poverty. The possibility to improve and set an integrated approach (social policy and energy efficiency) lies in exchange of experiences and good practice, recognition of two different issues and development of database of measures for vulnerable consumer protection and energy poverty, which will make the evaluation of the impact of implemented policies and measures possible.

The following table shows which Contracting Parties have implemented particular measures in order to support customers affected by energy poverty, and we may observe that the energy efficiency measures are the most represented among countries, while the social tariff are the less represented measure.

**Table 12** Measures to address energy poverty in the Contracting Parties in 2022

Measures to address energy poverty	Number of countries - electricity	Number of countries – gas
<b>Financial interventions</b>	Albania, Brčko District, Georgia, Serbia, Moldova, North Macedonia, Kosovo*, Ukraine	Georgia, Serbia, Ukraine
<b>Social tariff</b>	Ukraine	Georgia
<b>Energy efficiency measures</b>	Albania, Bosnia and Herzegovina, Georgia, Serbia, Moldova, North Macedonia, Kosovo*, Montenegro, Ukraine	Georgia, Serbia, Ukraine
<b>Information provision</b>	Albania, Bosnia and Herzegovina, Brčko District, Georgia, Serbia, Moldova, North Macedonia, Kosovo*, Ukraine	Georgia, Serbia

## 4. Customer information

The Fourth Energy Package, specifically its regulation on the internal electricity market (Regulation (EU) 2019/943) defines that customers should be active market participants and that Member states should set all the rules customers will benefit. Furthermore the directive on common rules for the internal market in electricity (Directive (EU) 2019/944) defines a series of provision which enables customer to 'request the installation of smart electricity meters at no additional cost; to have access, free of charge, to at least one tool comparing the offers of suppliers, including offers for dynamic electricity price contracts, to switch suppliers free of charge within a maximum of three weeks and to participate in collective switching schemes, to sell self-generated electricity, to have summarised clear contractual conditions'.<sup>60</sup>

This report analyzes all the related practice in the Energy Community Contracting Parties. Research among countries has covered: the available information on customer bills issued by supplier, existence of price comparison tools, availability of a single point of contact, choice of payment methods, number of working days for supplier switching, reasons to stop the switching process, frequency of billing information based on actual consumption.

Making a customer an active participant on the market requires accurate billing information, i.e. it is of great importance that **information on energy bills** is clear, accurate, user-friendly and transparent. Directive 2019/944 on common rules for the internal market for electricity, stress out some requirements in relation to consumer information, beside minimum information it must contain:

- Electricity bills are an important means by which final customers are informed. As well as providing data on consumption and costs, they can also convey other information that helps consumers to compare their current arrangements with other offers;
- It is therefore necessary to make bills clearer and easier to understand, as well as to ensure that bills and billing information prominently display a limited number of important items of information that are necessary to enable consumers to regulate their energy consumption, compare offers and switch supplier;
- Member States shall ensure that bills and billing information are accurate, easy to understand, clear, concise, user-friendly, and presented in a manner that facilitates comparison by final customers;
- Member States shall ensure that final customers are offered the option of electronic bills and billing information and are offered flexible arrangements for the actual payment of the bills;
- If the contract provides for a future change of the product or price, or a discount, this shall be indicated on the bill.

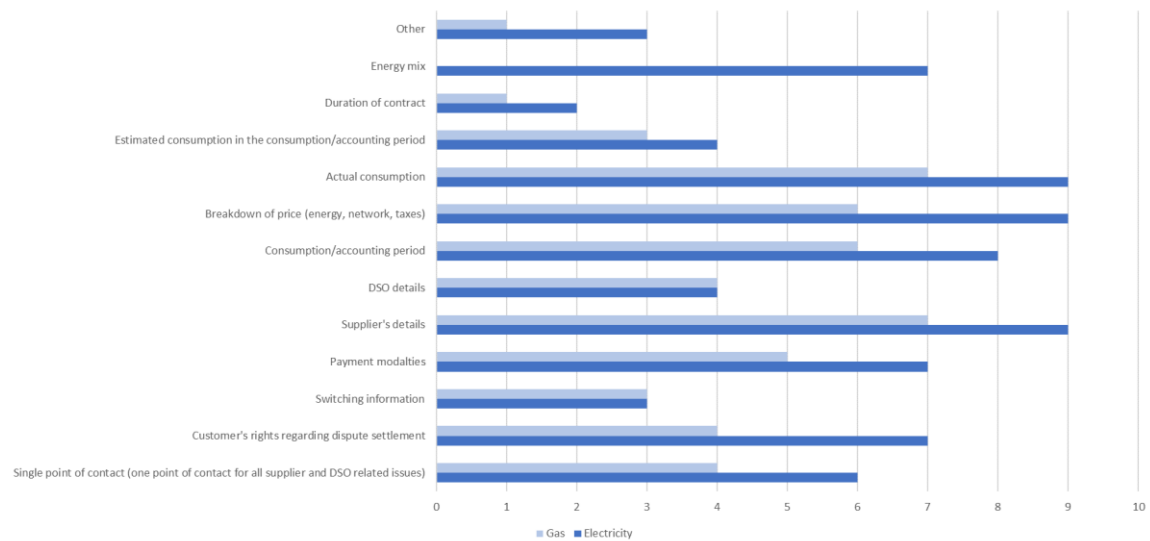
The necessary content of customer bills is prescribed by various legal acts in every Energy Community Contracting Party. The following figure shows which information is included in the customers' bills in the observed countries.

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<sup>60</sup> [Internal energy market | Fact Sheets on the European Union | European Parliament \(europa.eu\)](#)



**Figure 19** Content of electricity and gas bills 2022



Source: NRAs

The information which are presented in all Contracting Parties on the electricity bills are the actual consumption, the breakdown of price and the supplier's details.

Regarding the energy mix, as per the Directive 2019/944 the contribution of each energy source to the overall energy mix of the supplier should be available on the electricity bill, and it is in Federation Bosna and Herzegovina, Georgia, Montenegro, Moldova, North Macedonia, Serbia, Ukraine. In Montenegro and Ukraine this information is available once a year.

Under the abovementioned Directive, countries must ensure that final customers have access to simple, fair, transparent mechanisms for settlement of disputes and that that information shall be displayed on a bill and billing information, distinctly from other parts of the bill and billing information, among the contact details of the related responsible entity. The countries which are having this information present on their electricity bill are: Albania, Federation Bosna and Herzegovina, Georgia, Kosovo\*, Montenegro, Moldova, Serbia.

Furthermore, in Bosnia and Herzegovina, the bill contains also information regarding the cost of metering point, the common area consumption (elevator, water pump), the default interest to be charged for late payment and RES incentives.

In Georgia in addition to the information outlined in figure x, bills include also estimated consumption in the previous consumption/accounting period, link to energy-efficiency experts registry, link to consumption for the last 3 years, consumption data for the last 12 months, mobile number or e-mail in order to provide information on reason of switching, payment due date, duration of switching, other customer rights and supplier's obligations, GNERC contact information.

In North Macedonia, besides information from figure x, bills include customer details, measuring point address and ID code, percentage of renewables included in the final price and VAT.

In Ukraine, the bill also contains, once in a year, links to available sources of information (web pages, etc.) on environmental impact, caused by the production of electricity by all sources of energy purchased by consumer (and/or produced with his own electrical installations) for the previous year; the procedure for taking readings of measuring units and payment for consumed electricity; the possibility of obtaining information in an alternative way, taking into account the special consumer needs; dynamics of electricity consumption by the consumer for the previous year and their value; benefits of efficient end use of electricity by consumers; necessary measures to increase energy efficiency when consuming electricity (paragraph 9.6.2 of the Rules of the retail electricity market, approved by the resolution of the Regulator of March 14, 2018 № 312).

When it comes to the gas bill the most present information are: actual consumption, the breakdown of price, the consumption/accounting period and the supplier's details.

**The frequency of billing information based on actual consumption** was monthly in every Energy Community Contracting Party during 2022. The Gas and Electricity Directives stipulate that consumers should have the right to be properly informed about their energy consumption and this requirement is met in every observed energy market.

**Price comparison tools** (PCT) exist only in Bosnia and Herzegovina (<http://uporedistruju.ba/>), North Macedonia (<https://switch.mk/#/>) and Ukraine (links to commercial offers on the websites of the Regulator, Prozorro (electronic public procurement system)).

As stipulated in the Directive 2019/944, a **single points of contact** needs to be in place to provide consumers with all necessary information concerning their rights, the applicable law and dispute settlement mechanisms available. Such contact points may be part of general consumer information points. Conducted research indicates that in all Energy Community Contracting Parties regulators are the single point of contact, but in practice customers are contacting also other institutions, such as Ombudspersons, Ministry in charge for energy and gas, suppliers and customer associations.

Annex I of both the Electricity and Gas Directive requires that customers have to be offered a wide choice of **payment methods**, which is fulfilled in every observed energy market.

The customer's **right to switch the supplier** is essential for customer protection and empowerment and for competition development in energy market.

According to the Directive 2019/944, the process of supplier switching shall be carried out within the shortest possible time, ergo switching procedure for customers that wish to change their supplier should be executed within three weeks from the date of the request. Furthermore, the Directive impose that by no later than 2026, the technical process of switching supplier shall take no longer than 24 hours and shall be possible on any working day. Member States shall ensure that at least household customers and small enterprises are not charged any switching related fees.

Research related to this issue showed that the prescribed number of working days for supplier switching in Contracting Parties for electricity usually is 21 (in Bosnia and Herzegovina, Georgia, Kosovo\*, North Macedonia, Serbia and Ukraine). In Albania and Montenegro it is 15, in Moldova 20.

Some Contracting Parties have also provided an information about period needed for switching to a new supplier in practice: In Albania, Bosnia and Herzegovina, Moldova, North Macedonia, it coincides with a period after legislation, while in North Macedonia it takes 7 days and in Ukraine 2 to 20 days in practice.

For the gas market, in Albania, Bosnia and Herzegovina, North Macedonia, Serbia, Ukraine, prescribed number of working days for supplier switching coincides with the electricity while in Georgia takes 10 days.

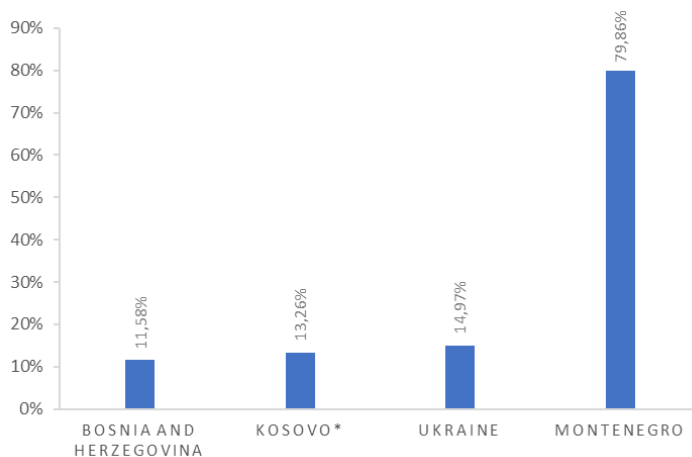
The switching process may be stopped due to various reasons which are different from Contracting Party to Contracting Party as listed below:

- In Albania – liquidation of the debt, or because application form is invalid;
- In Bosnia and Herzegovina: Federation BIH - incomplete or inaccurate request for switching, provisions of previous contract between old supplier and a customer, Republika Srpska – outstanding debts to the old supplier for electricity and unsolved financial issues between customer and supplier for gas;
- Georgia – non-payment for the service of current supplier, or incompliance with grid specifications;
- Kosovo\* - in cases when current supplier rightly considers that, in the proposed transfer date, the customer is still obligated under the contract with the current supplier;
- Moldova – the process can be stopped only by a request of the customer;
- Montenegro – the supplier whose contract is in the process of terminations shall not set conditions for termination of the contract, including unsettled liabilities, and shall provide supply to the customer until finalization of the process of switching the supplier, with the exception of the event when the final customer fails to meet its obligations specified in a contract i.e. in a bill for supplied energy, by the specified deadline, when the supplier shall file a request to the transmission or distribution system operator for limitation of delivery, where such limitation is allowed by technical possibilities, or for termination of delivery of electricity or gas;
- North Macedonia – If the DSO concludes that the provided data with the Switching request: show inconsistency/ there is not enough data for consumer identification /the consumer is supplied by another consumer/ another switching process is ongoing / a termination procedure from the incumbent supplier is ongoing/ the DSO started a procedure for consumer termination because of unpaid invoices for using the network, in the period of seven working days sends a notification for rejecting switching request to the new supplier and incumbent supplier. If this occurs, the switching procedure ends at this point;
- Serbia – formal deficiencies of the submission, e.g. unregulated financial liabilities with the current supplier, the measuring point does not exist in the database, etc.;
- Ukraine – for electricity market the administrator of commercial metering may refuse to provide a change of electricity supplier in the following cases: termination of power supply of the object (objects) of the consumer at the request of the current electricity supplier or the presence on the date of initiation of the the supplier change procedure such a request, sent in the prescribed manner or if the consumer does not have a valid consumer contract on the provision of distribution (transmission) services of electricity with the appropriate system operator for those EIC codes of commercial metering points,

which were provided by the consumer to the new electricity supplier together with the consumer's notification of the intention to conclude a new contract with him. On the other hand, for natural gas market: when it comes to the household consumers reasons to stop the switching process may occur when the consumer withdrew the application for joining the terms of the contract for the supply of natural gas (to household consumers) or when the supplier (except for the supplier with special duties) has the right to refuse to enter into a natural gas supply contract; for non-household consumers: after 01.07.2022 if the gas supply to the consumer was terminated or termination is initiated.

The Electricity Directive requires the implementation of **smart metering systems** that shall assist the active participation of consumers in the electricity supply market. The implementation of such smart metering systems may be subject to an economic assessment of all long-term costs and benefits to the market and the individual consumer. The assessment shall take into consideration the methodology for the cost-benefit analysis and the minimum functionalities for smart metering systems as per Commission Recommendation 2012/148/EU. Where the deployment of smart metering systems is assessed positively, at least 80 % of final consumers shall be equipped with smart metering systems by 2024. Montenegro has the highest share of household customers with smart meters. The following figure shows share of households with smart meters in Energy Community Contracting Parties where implemented.

**Figure 20** Share of households with smart meters (status 31<sup>st</sup> December 2022)<sup>61</sup>



Source: NRAs

## 5. Customer complaints

The Directive 2019/944 stipulates that any party having a complaint against a transmission or distribution system operator in relation to that operator's obligations under this Directive may refer the complaint to the regulatory authority which, acting as dispute settlement authority, shall issue a decision within two months of receipt of the complaint. That period may be extended by two months where additional information is sought by the regulatory authority.

<sup>61</sup> The share for Ukraine is calculated without data for two DSOs.

That extended period may be further extended with the agreement of the complainant. The regulatory authority's decision shall have binding effect unless and until overruled on appeal.

The following table shows number of household customer complaints received by different institutions in 2022.

**Table 13** Number of household customer complaints for gas and electricity received by different institutions in 2022<sup>62</sup>

	Electricity				Gas			
	Suppliers	DSOs	ADR	NRA	Suppliers	DSOs	ADR	NRA
<b>Albania</b>	32,740	NA	NA	50	NA	NA	NA	NA
<b>Bosnia and Herzegovina</b>	NA	5,956	NA		34	319	NA	NA
<b>North Macedonia</b>	NA	NA	473		NA	NA	NA	NA
<b>Georgia</b>	NA	NA	1,830		NA	NA	753	
<b>Kosovo*</b>	8,425	162	NA	118	NA	NA	NA	NA
<b>Moldova</b>	NA	NA	NA	471	NA	NA	NA	471
<b>Montenegro</b>	5,438	NA	46		NAP	NAP	NAP	NAP
<b>Serbia</b>	NA	459,124	NA	245	NA	7,468	NA	10 <sup>63</sup>
<b>Ukraine</b>	1,516 <sup>64</sup>	22,581 <sup>65</sup>	4,378		37,662	62,327	6,865	

In most of the observed Contracting Parties, the national regulatory authority has the role of an Alternative Dispute Resolution (ADR) body.<sup>66</sup> In Bosnia and Herzegovina, besides the regulator, the Ombudsman for customer protection and a local/regional court may also be appointed as ADR, in Kosovo\* a private mediator licensed by the Ministry of Justice, in Serbia for electricity: NRA, Complaints Resolution Body (Suppliers), Special Complaints Resolution Organizational Unit (DSO), for natural gas: NRA, supplier (with the obligation to resolve complaints effectively) and in both cases (electricity/gas), special bodies for resolving out-of-court disputes, which the consumer can contact after the complaint procedure (Law on Customer Protection).

The majority of complaints included in the table above refer to bills. A great part of them is also related to quality of supply.

When it comes to the processing times set for suppliers, NRAs, DSOs to deal with complaints it varies from 1 to 60 days.

<sup>62</sup> The following abbreviations apply: NA - not available, NAP - not applicable.

<sup>63</sup> Data refers to all consumers, not households only.

<sup>64</sup> Data without data from one supplier.

<sup>65</sup> Data without data from two DSOs.

<sup>66</sup> Directive 2013/11/EU on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC is not applicable in the Contracting Parties.

## 6. Service quality of distribution system operators

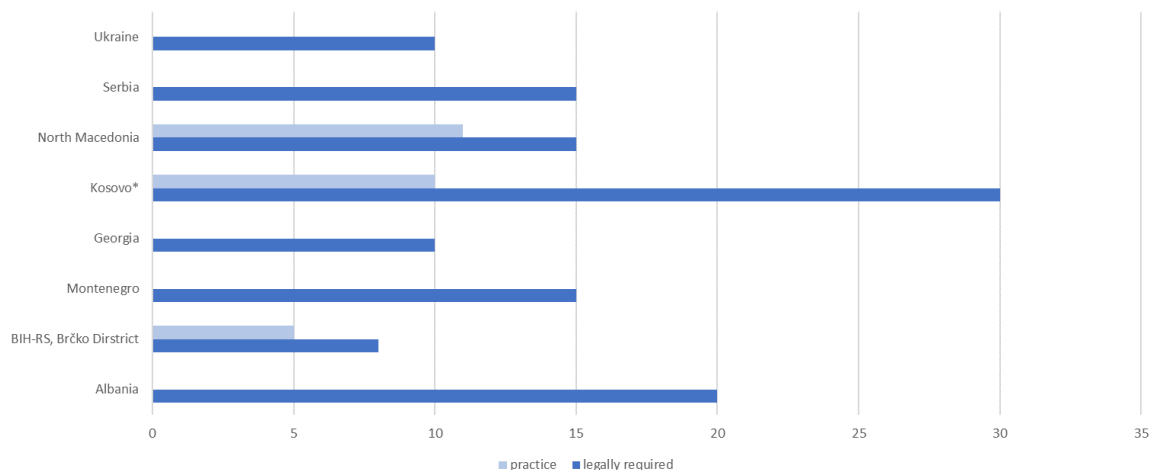
The duties of distribution system operators are to ensure long-term system capability to meet realistic requirements for electricity and gas distribution, as well as to provide distribution system users with clear and precise information regarding conditions for service providing and particularly with information about access to distribution system, including technical, contractual, and available capacities. The Electricity and Gas Directives prescribe the obligation of regulatory bodies to monitor, among other things, the time taken by distribution system operators to make connections and repairs.

Research has been carried out to look at the legal requirements and practice in Energy Community Contracting Parties related to indicators of DSO service quality. Research covered the following indicators:

- Number of days to provide a price offer for a grid connection (from the date of consumer's request for a price offer),
- Number of days to connect to the network and activate energy supply to a consumer (from the date of consumer's request to be connected) either for shallow connection that for deep connection,
- Maximum number of days to disconnect the energy following a consumer request, and
- Maximum duration of a planned supply interruption.

The figure below shows legally required **number of days to provide a price offer for a grid connection** and how long it takes in practice.

**Figure 21** Number of days to provide a price offer for a grid connection (from the date of consumer's request for a price offer) – electricity in 2022



Source: NRAs

There are specific details related to this indicator for some of the observed countries, as listed below:

- In Albania: to the DSOs it takes to provide a price offer for a grid connection not more than 20 working days for installed capacity up to 10 kW in LV, not more than 20 working days for installed capacity 10-20 kW in LV, not more than 20 working days for installed

capacity 21-50 kW in LV, not more than 60 working days for installed capacity up to 50 - 100 kW in LV, not more than 60 working days for connections in MV.

- Georgia, price is determined by GNERC and differs due to capacity of the customer. However, in case of non-regulated connection, service provider is obliged to provide price offer within 10 business days from the date of consumer's requests.
- In Moldova, the price for grid connection is determined by the NRA.
- In Ukraine, number of days to provide a price offer for a grid connection for shallow connection is 10 working days from the next working day from the date of registration of the application and the complete package of documents; for deep connection: is 10 working days (20 working days if there is necessity for specifications to be agreed by the TSO or other business entities (except TSO)).

One of the explored indicators in conducted research was the **number of days to connect to the network and activate energy supply to a consumer**. The results show that there are specificities related to this indicator for almost every observed Contracting Party and they are listed below:

- In Albania it takes 48 hours,
- In Armenia, 3 working days,
- In Bosnia and Herzegovina, it takes 30 days for the DSO's decision on the application, another 30 days are needed for the construction for a low voltage distribution network and ten days for connecting the facility to the distribution network. For shallow<sup>67</sup> and deep<sup>68</sup> connection, in Brcko District the legally prescribed number of days to connect to the network and activate energy supply to a consumer is 15 and in the practice ranks from 5 to 15 days,
- In Georgia, it takes the same number of days to connect to the network in practice as it is legally prescribed – 10 business days/ up to 120 business days (determined by GNERC, differs from the capacity requested as well as from location - self-governed towns/municipalities). For gas, it takes 10 - 60 business days, (determined by GNERC, differentiated by the gas pressure requested),
- In Kosovo\*, it is legally defined that the deadline for connection of customer to the grid from the date of application is two days, for shallow and for deep connection, but in practice it takes one day for shallow and two days for deep connection,
- In Moldova, it takes the same number of days to connect to the network in practice as it is legally prescribed – 40 days,
- In Montenegro, it takes 15 days to connect to the grid if the customer fulfills the prescribed conditions before the request,
- In North Macedonia, the legally prescribed number of days is maximum 130, but in practice it takes 97 days to connect to the network and activate energy supply to a consumer. In practice, it takes 30 days to connect to the gas network in case the customer has finalized internal gas installation and has a usage permit,

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<sup>67</sup> Customer pays only the connection costs. The costs of network reinforcement are socialised and paid by all network users via the network fees

<sup>68</sup> The customer in addition to the connection costs also pays part of the network reinforcement.

- In Serbia, the connection procedure takes 7 to 15 days. For gas 8 days,
- In Ukraine, term of providing the shallow connection service for the customer's electrical installations of the first power capacity level is 45 calendar days from the next working day after the date of payment by the customer of the cost of connection in accordance with connection agreement. For the customer's electrical installations of the second power capacity level this period is 60 calendar days from the next working day from the date payment by customer of the connection cost in accordance with the connection agreement (paragraph 4.2.4 of the Distribution System Code). For shallow connection it takes 119 days in practice to connect to the network. For shallow gas legally it takes 3 months while in practice it takes 116 days for non-household consumers and 152 days for household consumers. On the other hand, for deep connection, the legal requirement is 120 days - up to 160 kW inclusive, 230 days - from 160 kW to 400 kW inclusive, 280 days - from 400 kW to 1000 kW inclusive, 350 days - from 1000 kW to 5000 kW inclusive. If the value of the declared capacity for connection of the customer's electrical installations is more than 5000 kW, the term of connection service is determined by taking into account the deadlines for the implementation of relevant measures in accordance with the project (design) documentation. In practice it takes 162 days. For deep gas connection the connection timeline is determined by the parties when concluding the contract while in practice it takes 179 days for household consumers and 273 days for non-household consumers.

The specificities of the observed countries related to **the maximum number of days to disconnect the energy following a consumer request** are listed below:

- In Albania, 15 days,
- In Bosnia and Herzegovina, the prescribed number of days to disconnect the energy following a consumer request is two in Brcko District. In practice, it takes two days in Brcko District,
- In Georgia, it takes the 40 days to disconnect the energy following a consumer request in practice while it is legally prescribed - 10 business days,
- In Kosovo\*, the legally required number of days is 30, but in practice it takes 14 days,
- In Moldova, for electricity and gas the required number of days are 7, legally and practice,
- In North Macedonia, the legally required number of days to disconnect the energy following a consumer request is 30 for electricity, but in practice, it takes 2 to 3 days for electricity and one for gas,
- In Serbia, disconnection following a consumer request should be done without delay, same for electricity and for gas,
- In Ukraine, in case of temporary termination/restriction of the distribution of electricity, the grid user is obliged to notify DSO no later than 10 working days before the desired date of termination/restriction of the distribution.

As regards the indicator - **maximum duration of a planned supply interruption**, there is no legal requirement in Bosnia and Herzegovina, North Macedonia and Montenegro. Specific details about this indicator are presented below:



- In Albania – MV + LV 2.78 hours, 35 kV network for urban area 1.73 hour, in Rural Area 1.77 hour. 20 kV network in Urban Area 1.34-hour, Rural Area 1.70 hour, 6 –10 kV network in Urban Area 2.54-hour, Rural Area 2.74 hour, 0.4 kV network in Urban Area 1.07-hour, Rural Area 1.5 hour,
- In Armenia, no more than 6 hours,
- In Bosnia and Herzegovina - maximum duration of a planned interruption in practice in Brcko District is 8 hours,
- In Georgia, the legally prescribed maximum duration of a planned interruption is 12 hours,
- In Kosovo\*, the prescribed quality standard related to the duration of planned interruption is six hours, but in practice it ranges between two and six hours,
- In Moldova, the prescribed quality standard related to the duration of planned interruption for electricity supply 8 hours for maintenance work and 24 hours for rebuilding or repairing networks. For gas it takes the same time either in practice that legally i.e. 36 hours for maximum 100 consumers; 48 hours for maximum 200 consumers; 72 hours for maximum 500 consumers; 120 hours for more than 500 consumers,
- In Serbia, maximum 72 hours per year, maximum five days for natural gas,
- In Türkiye. the prescribed quality standard related to the duration of planned interruption is 10 hours in city, but in suburban it ranges between 11 and 12 hours,
- In Ukraine, the duration of the planned supply interruption should not exceed a total of 12 hours per day and 6 hours per day in the winter months, except for scheduled interruptions that occurred as a result of carrying out works on capital repairs, construction, technical re-equipment, reconstruction, modernization of electrical networks, if the implementation of such works is provided in the DSO investment program and/ or the annual DSO repair program provided to Regulator, and/ or during the implementation of contracts for connection to electricity grids of distribution systems in accordance with applicable regulations. The duration of such interruptions should not exceed 24 hours per day and 8 hours per day in the winter months if it is not possible to provide the backup power (paragraph 11.5.10 of the Distribution System Code).

## 7. Active consumers

As Directive 2019/944 prescribes, active consumer is entitled to sell self-generated electricity, to participate in flexibility schemes and energy efficiency schemes and to connect to grid within a reasonable time after the request. In order to have an efficient energy transition, it is of great importance to have active consumers. By empowering them and providing them with the tools to participate more in the energy market, including participating in new ways, it is intended that citizens benefit from the internal market for electricity and that the relative countries's renewable energy targets are attained.

From the reserch conducted it results that there are:

- In Montenegro: 230 households,
- In Georgia, 444,
- In Kosovo\*, 111,



- In Ukraine, 49.905<sup>69</sup>,
- In Albania there were 141 applications in 2022.

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<sup>69</sup> Without data for two DSOs.

## *D. Main findings and conclusions*

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### 1. Electricity

The electricity consumption of final customers decreased on average by 20% in the Energy Community Contracting Parties compared to 2021. This substantial decrease is caused by the war in Ukraine, where the electricity consumption dropped by 30%, while the majority of other Contracting Parties also registered decreases. Only in Bosnia and Herzegovina and Georgia, the consumption slightly increased. In Observer countries- Armenia and Türkiye, the electricity consumption also increased.

The average monthly consumption per household varied between 108 kWh/month in Moldova and 446 kWh/month in Kosovo\*.

In 2022, among the Contracting Parties, by far the most licensed suppliers were active in the retail market of Ukraine (451 in total). The number of active suppliers in other Contracting Parties ranged from 19 (North Macedonia) to one (Montenegro). It is also observed that the number of active suppliers decreased in comparison to the previous year, following the energy crisis and the consequent demand drop.

In the majority of the Contracting Parties, retail electricity markets are still highly concentrated, with an aggregated market share of the three largest companies of more than 95% in five of them. In three Contracting Parties this share was higher than 75%, while only in Ukraine it is around 21%.

During 2022, there were consumers changing their suppliers in all Contracting Parties except Montenegro. In most of the cases, only non-household customers changed their suppliers, while in North Macedonia, Serbia and Ukraine, there were also some households switching supplier. The highest switching rates were registered in North Macedonia (2.54%) and Ukraine (1.88%).

End-user electricity prices for household customers in the Contracting Parties varied substantially from 6.24 euro cent/kWh in Kosovo\*<sup>70</sup> to 17.09 euro cent/kWh in Moldova and are still much lower than the EU 28 average price for households of 26.9 euro cent/kWh in 2022. In comparison to 2021 prices, household electricity prices increased by 12% on average. The highest increase of household prices was observed in Moldova- more than 97%.

When it comes to the electricity price breakdown for households, the share of the energy component in the final bill for households was the highest in Moldova (66%) and the lowest in Albania (20%). The share of network costs in the total household electricity price ranged between 23% in Moldova and 64% in Kosovo\*.

The electricity prices for industrial customers in Contracting Parties varied from 6.97 euro cent/kWh in Montenegro to 30.24 euro cent/kWh in North Macedonia, where also the highest year-to-year increase was registered- 205%. The average electricity prices for industrial

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<sup>70</sup> Information for Ukraine not available for 2022 on EUROSTAT.

consumers in the Contracting Parties were around 58% of the average electricity prices for the industry in the EU Member States.

In 2022, household customers were entitled to supply at regulated prices in all Contracting Parties except Montenegro. All household customers were supplied at regulated prices in the Contracting Parties. The exceptions are Montenegro with non-regulated prices, and North Macedonia, Serbia and Ukraine, where small numbers of households switched suppliers.

## 2. Gas

**Total sale of gas to final customers** in the Contracting Parties, without Ukraine, increased in the period 2012-2022 by 37%. Over the same period, in Ukraine, the demand decreased by 67%. With the exception of a clear downward trend in gas demand in Ukraine from 2012 to 2022, caused predominantly by efforts to reduce import dependence, consumption in the Contracting Parties varies depending on industry performances and winter temperatures.

In the reporting period, the number of active suppliers ranged from three in Bosnia and Herzegovina to 210 in Ukraine. Although the majority of active retail suppliers hold a license for supplying customers nationwide, the household customers in the Energy Community Contracting Parties predominantly buy gas from local incumbent suppliers.

In four countries, namely Georgia, Moldova, Serbia and Ukraine, customers connected to the distribution networks were supplied by more than one supplier (i.e. other than the incumbent). On the other side, the customers connected to the transmission system were supplied by more than one supplier in all Contracting Parties. If the effects of the market opening are to be achieved, it is of utmost importance to allow gas retailers to supply customers on the whole territory of a country.

Although most of the analyzed gas markets have a substantial number of retailers, only a very limited number of them have a market share higher than 5%. The market share of the three largest companies in the retail market varied from 69% in Ukraine to 100% in Bosnia and Herzegovina. In most of the Energy Community Contracting Parties, households were supplied by the incumbent gas supplier in 2022.

All gas customers in the Energy Community Contracting Parties were eligible to choose their supplier. In 2022, household customers in the Energy Community Contracting Parties changed their supplier only in Ukraine (switching rate 7.1% of metering points) and Moldova (switching rate 0.09% of metering points). In the non-household segment, small numbers of customers changed their suppliers in 2022 in the Contracting Parties. In Ukraine however the switching rate for this customer group was 38% measured in number of metering points.

End-user gas prices for household and industrial customers in the Contracting Parties increased by 57% and 85% respectively, in 2022 compared to 2021. The household gas prices ranged from 1.66 euro cents/kW in Georgia to 13.05 euro cents/kW in North Macedonia, while industry gas prices varied from 3.02 euro cents/kW in Georgia to 15.62 euro cents/kW in Bosnia and Herzegovina. The discrepancies in national prices originate partly from the existence of long-term gas supply contracts and price regulation in Georgia, on one side, and non-regulated gas prices in North Macedonia, combined with the lack of supply diversification and of the third-party access on Bulgarian side of the border.

Differently from the EU Member States, more than half of the final price paid in 2022 by end consumers of gas in the Contracting Parties, on average, covered the energy component i.e. contestable component of their annual gas bill. The share of energy component in the final gas price in 2022 ranged from 43% in Georgia to 77% in Serbia. The share of network charges, including both distribution and transmission network costs, ranged from 4% in North Macedonia to 39% in Georgia.

End-user gas prices for household customers were regulated in all Contracting Parties in 2022, except in North Macedonia and Ukraine<sup>71</sup>. For non-household customers, end-user prices were not regulated in Bosnia and Herzegovina (Republika Srpska), Georgia, North Macedonia and Ukraine<sup>72</sup>. In Serbia, certain industry categories may buy gas at regulated prices and in Moldova, both regulated and non-regulated prices were available to non-households.

If market liberalization is to bring benefits to customers, end-user price regulation should be abandoned. While phasing out price regulation, it is important to allow the regulated prices to change frequently enough to reflect the wholesale market price changes. In majority of the Contracting Parties where end-user price regulation is applied, the energy component is updated once a year.

### 3. Customer protection

A **supplier of last resort** is appointed for electricity in all countries except Armenia, while for gas, a supplier of last resort has not been yet designated in Georgia, BIH entity Republika Srpska and Armenia. The most common cases when a household customer may turn to the supplier of last resort in the electricity sector are: when the current supplier has gone bankrupt; when the license of the current supplier has been revoked; when a customer does not find a supplier on the free market; when a household customer is dropped by its current supplier because of non-payment and when a fix-term supply contract expires. The same circumstances are applicable to consumers in gas markets. This means that protection of inactive consumers and precaution for the failure of supplier is provided through the role of supplier of last resort.

Non-payment of energy bills is one of the main problems that electricity and gas suppliers face in the Contracting Parties. Therefore, **transparent procedures for disconnection** that protect both suppliers and customers are very important. The number of days legally envisaged for disconnection of the household consumer because of non-payment varies significantly from country to country (from immediately after the due date expired in Georgia to 60 days in Albania and North Macedonia).

The **shares of household disconnections due to non-payment** for electricity in the Contracting Parties vary substantially among countries. The share of household disconnections due to non-payment for electricity in the Contracting Parties varies among

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<sup>71</sup> In Ukraine the Law No 2479 was adopted. This Law established a moratorium on natural gas price increases for all households compared to the prices applied in relations between suppliers and relevant consumers as of February 24, 2022. The moratorium has been established for the period of martial law and 6 months after its abolition.

<sup>72</sup> As of 1 June 2022, public service obligations to supply natural gas for heating companies at predefined prices were imposed again on some gas market participants.

countries (from 0.26% in Ukraine to 7.79% in North Macedonia). When it comes to the disconnections due to non-payment for gas, the shares are negligible.

Contracting Parties in the majority of cases included a **definition of vulnerable customers** as well as the measures for their protection in the relevant legislative framework. Some of the Contracting Parties define vulnerable customers in their energy-related laws and some in legal acts related to social protection. There is a variety of national approaches in defining the criteria for obtaining the status of the vulnerable customer, but the common criteria for energy are income level and critical dependency on electricity powered equipment for health reasons, and for gas income level.

Different approaches to protect vulnerable customers have been chosen. Measures for the protection of vulnerable customers are much more used for electricity than for gas, partly because gas markets do not exist in every monitored country. The most spread measures are restrictions on disconnection due to non-payment and earmarked social benefits to cover energy expenses.

The share of electricity vulnerable customers in the total number of household metering points, showing how well-targeted vulnerable customers are, varied between 1.86% in Serbia<sup>73</sup> to 6.1% in Kosovo\*.

Even though the concept of **energy poverty** is not precisely defined in national legislation of the Energy Community Contracting Parties, various measures that are directly or indirectly related to these issues have been implemented in the majority of observed countries. In this regard, financial measures, energy efficiency measures and information provision are the most commonly implemented measures in Energy Community Contracting Parties.

Electricity and gas bills are the primary sources of **customer information**, therefore their content needs to be carefully prepared - relevant, clear and concise. The **content of electricity and gas bills** is prescribed by various legal acts in every Energy Community Contracting Party. Actual consumption, breakdown of the price, accounting period, suppliers' details and payment modalities are included in the bills in all Contracting Parties. Information related to the energy mix, as one of the mandatory elements, is available in Federation Bosnia and Herzegovina, Georgia, Montenegro, Moldova, North Macedonia, Serbia and Ukraine.

**The frequency of billing information based on actual consumption** was monthly in every Contracting Party during 2022. This means that the requirement of the Electricity and Natural Gas Directives stipulating that consumers should have the right to be properly informed about their energy consumption is met.

**Price comparison tools** exist only in Bosnia and Herzegovina North Macedonia and Ukraine

The Electricity Directive requires the implementation of **intelligent metering systems** that shall assist the active participation of consumers in the electricity supply market. According to the provided data, the share of household customers with smart meters varied between 11.58% in Bosnia and Herzegovina to 79.86% in Montenegro in 2022.

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<sup>73</sup> In Serbia, this share includes also the gas vulnerable consumers, however the great majority of the vulnerable consumers receive the assistance for electricity (they can apply for either electricity or gas assistance).

Establishing a **single point of contact** to provide consumers with all necessary information concerning their rights, current legislation and the available means of dispute settlement is another obligation for the analyzed countries. In all Energy Community Contracting Parties NRAs are the single point of contact, but in practice, customers are contacting also other institutions, such as an Ombudsman, suppliers, governments and customer associations.

In all analyzed markets the electricity and gas customers are offered a wide **choice of payment methods**, which fulfills the requirements of Annex I of both Electricity and Gas Directives.

The customer's **right to switch supplier** is essential for customer protection and empowerment and for competition development in the energy market. The number of working days for supplier switching in Energy Community Contracting Parties usually is 21 (in Bosnia and Herzegovina, Georgia, Kosovo\*, North Macedonia, Serbia and Ukraine). In Albania and Montenegro, it is 15, in Moldova 20.

Besides being continuously supplied with energy and informed about various aspects of their consumption, consumers may be properly protected and empowered only if their **complaints** are efficiently treated and if there are clearly defined dispute resolution procedures. When monitoring the level and effectiveness of market opening and competition, regulatory authorities should, among others, monitor also the complaints of household customers. In most of observed markets, the national regulatory authorities have the role of an **Alternative Dispute Resolution** body. Besides the regulator, in Bosnia and Herzegovina, the Ombudsman for customer protection and a local/regional court may also be appointed as Alternative Dispute Resolution, in Georgia the Energy Ombudsman, in Kosovo\* a private mediator licensed by the Ministry of Justice, in Serbia for electricity: Complaints Resolution Body (Suppliers), Special Complaints Resolution Organizational Unit (DSO), for natural gas: supplier (with the obligation to resolve complaints effectively) and in both cases (electricity/gas), special bodies for resolving out-of-court disputes, which the consumer can contact after the complaint procedure (Law on Customer Protection). The majority of complaints reported for 2022 refer to bills. A great part of them was also related to the quality of supply.

Analysis related to DSO service quality showed that legal requirements for analyzed indicators (number of days to provide a price offer for a grid connection, number of days to connect to the network and activate energy supply to a consumer, maximum number of days to disconnect the energy following a consumer request and the maximum duration of a planned supply interruption) varies significantly among the Contracting Parties. The number of days to provide a price offer for a grid connection varies from 7 days in Brčko District (Bosnia and Herzegovina) to 30 days in Kosovo\*, while the number of days to connect to the network and activate energy supply to a consumer depending on the connection capacity can be up to 350 days (for electricity consumers with the capacity in the range from 1000 kW to 5000 kW in Ukraine). The maximum number of days to disconnect the energy following a consumer request ranges from disconnection immediately after the request is submitted in Serbia to 30 days in Kosovo\* and North Macedonia.

For the first time, this report takes stock on the developments with active customers in the Contracting Parties. The number of active customers varies between 211 in Kosovo\* and 49,905 in Ukraine.